

Title 5. California Code of Regulations

Division 7.5. Private Postsecondary Education

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Title 5. California Code of Regulations

Division 7.5. Private Postsecondary Education

Chapter 1. Bureau Administration

Article 1. General Provisions

70000. Definitions

(a) "Academic Freedom" means the degree to which faculty at an institution are allowed latitude with respect to their discussions with students and the positions they take. Under such a policy, a faculty member can articulate or even advocate positions or concepts which may be controversial in nature without fear of retribution or reprisal.

(b) "Act" means The California Private Postsecondary Education Act of 2009.

(c) "Chief academic officer" means the person primarily responsible for the administration of an institution's academic affairs including the supervision of faculty, development of educational programs and curricula, and implementation of the institution's mission, purposes and objectives.

(d) "Chief executive officer" means the person primarily responsible for the overall administration of an institution, including the supervision of the chief academic officer and the chief operating officer. The chief executive officer is often, but need not be, called the "president."

(e) "Chief operating officer" means the person primarily responsible for the administration of an institution's business operation, including finances, management, personnel, and contracting for goods, services, or property.

(f) "Code" means the California Education Code.

(g) "Credential" means publicly demonstrated skills and experiences whose achievement has been recognized by an official credential or award given by a professional association. This recognition can also be achieved if there is a general acceptance and recognition of those credentials by members of the profession or industry in the field in which the person will teach.

(h) "Credit" means a measure of college or university level instruction that is evaluated by duly qualified faculty; it is also the same as "unit" or "unit of credit."

(i) "Degree program" means an educational program leading to the award of an academic degree as defined in section 94830 of the Code.

(j) "Duly qualified faculty" or "faculty member" means a person or people who satisfy the requirements of section 71720.

(k) "Education offered for purpose of personal entertainment, pleasure or enjoyment" means education offered for purposes of play, amusement or relaxation, including education offered for the purpose of teaching the fundamentals, skills or techniques of a hobby or activity. It does not include education that in any manner does any of the following:

(1) Enables a student to qualify for any immigration status, for which an institution is permitted to issue a Certificate of Eligibility for Nonimmigrant Student Status by the United States Immigration and Customs Enforcement.

(2) Facilitates the development of learning skills or language proficiency to assist a student to:

(A) learn English as a second language; or

(B) enhance language skills for any business or occupational purpose.

(3) Assists a student to prepare for a test administered in conjunction with any undergraduate or graduate educational program.

(4) Is an educational service offered to lead to any employment in any occupation or job title.

(5) Is represented to enable a student to use already existing knowledge, training, or skills in the pursuit of an occupation or to develop new or enhance existing knowledge, training, or skills in connection with any occupation or job title.

(l) "Financial aid officer" means any person involved in administering the participation of the institution or any of its students in any federal or state student loan or grant program, including any person who assists students to apply for, disburses the proceeds of, or regularly explains student rights and obligations under, loans or grants subject to any federal or state program.

(m) "Full-time study" means the equivalent of, if measured in credit hours, 24 semester or trimester, or 36 quarter hours, or if measured in clock hours, 900 hours, to be completed within 30 weeks of instruction.

(n) "Innovative method of instruction" or "unique method of instruction" means a new method of instruction, not previously generally recognized by accredited and approved degree granting institutions, as a reasonable approach to teaching a specific curriculum.

(o) "Institution director" means the person who is responsible for administering the daily operations of the institution and has supervisory authority over all other administrators and instructors.

(p) "Instructor" means a person who is responsible to conduct one or more classes or components of an institution's educational program.

(q) "Mission" means an institution's stated educational reasons to exist. A mission statement contains all of the following characteristics:

(1) The mission includes the institution's broad expectations concerning the education that students will receive, including the acquisition of the body of knowledge presented in the educational program, the development of intellectual, analytical, and critical abilities, and the fostering of values such as a commitment to pursue lifelong learning; and

(2) The mission relates to the educational expectations of the institution's students, faculty and community that the institution serves.

(r) "Objectives" are the goals and methods by which the institution fulfills its mission and transforms it into measurable student learning outcomes for each educational program.

(s) "Prior experiential learning" or "college level learning experience" means learning of a postsecondary nature as documented learning from a related profession, college level equivalent tests, military training or other college level equivalent experience.

(t) "Quarter" means at least 10 weeks of instruction or its equivalent as described in subdivision (u)(2) of this section.

(u) "Quarter unit" means either of the following:

(1) At least ten (10) hours of college or university level instruction during a quarter plus a reasonable period of time outside of instruction which an institution requires a student to devote to preparation for planned learning experiences, such as preparation for instruction, study of course material, or completion of educational projects; or

(2) Planned learning experiences equivalent to the learning and preparation described in paragraph (1) as determined by duly qualified faculty responsible for evaluating learning outcomes for the award of unit credits.

(v) "Recreational Education" means education offered for the purpose of teaching the fundamentals, skills or techniques of sports or games.

(w) "Semester" means at least 15 weeks of instruction or its equivalent as described in subdivision (x)(2) of this section.

(x) "Semester unit" means either of the following:

(1) At least fifteen (15) hours of college or university level instruction during a semester plus a reasonable period of time outside of instruction which an institution requires a student to devote to preparation for planned learning experiences, such as preparation for instruction, study of course material, or completion of educational projects; or

(2) Planned learning experiences equivalent to the learning and preparation described in paragraph (1) as determined by duly qualified faculty responsible for evaluating learning outcomes for the award of unit credits.

(y) "Significant equipment" means equipment that is necessary for achieving the stated educational objectives.

(z) "Tuition" means the cost for instruction normally charged on a per unit or per hour basis. It does not include itemized fees paid to the Bureau or the cost of textbooks, supplies, transportation, or equipment.

(aa) "Unit" or "unit of credit" means a measure of college or university level instruction that is evaluated by duly qualified faculty.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94818, 94830, 94844, 94885 and 94923, Education Code.

70010. Application of Division

This division applies to all institutions and persons subject to the provisions of the Act.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94801, 94875 and 94877, Education Code.

70020. Principal Office of the Bureau

The principal office of the Bureau is located at 1625 North Market Blvd., Suite S-202, Sacramento, California, 95834; and the mailing address is P.O. Box 980818, West Sacramento, CA 95798-0818.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94875 and 94877, Education Code.

Article 2. Transition Provisions

70030. Pending Applications; Fees

An institution that had an application for an approval to operate pending on June 30, 2007, and is applying for an approval to operate pursuant to section 94809 of the Code may only satisfy the requirements of that section if, in addition to the submission of the previous application being deemed by the Bureau to satisfy any new requirements, or the submission of information that the Bureau requires to correct deficiencies or omissions, it submits the appropriate fee pursuant to section 94930.5(a) of the Code. An application fee that was remitted with a previous application and not returned by the Bureau can be applied toward payment of the appropriate fee.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94809 and 94930.5, Education Code.

70040. Disclosures Regarding Prior Approvals and Pending Applications

(a) Pursuant to section 94802(b) of the Code, an institution with an application to renew an approval to operate pending with the former Bureau for Private Postsecondary and Vocational Education on June 30, 2007, shall, until the application is approved, include in its catalog and its enrollment agreement in at least the same size font as the majority of the information, and outlined with a bold line, the following statement:

What You Should Know About Our State Re-Approval
Although this institution was approved to operate by the former Bureau for Private Postsecondary and Vocational Education, our pending application for re-approval to operate has not yet been reviewed by the Bureau for Private Postsecondary Education. For more information, call the Bureau for Private Postsecondary Education at (916) 574-7720, or toll-free at (888) 370-7589, or visit its website at www.bppe.ca.gov.

(b) Pursuant to section 94809 of the Code, an institution that did not have an approval to operate issued by the former Bureau for Private Postsecondary and Vocational Education on or before June 30, 2007, shall, until an application for approval to operate is approved, include in its catalog and its enrollment agreement in at least the same size font as the majority of the information, and outlined with a bold line, the following statement:



An institution that has not filed an application for approval to operate may not state or imply that such an application has been filed with the Bureau.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94802 and 94809, Education Code.

Chapter 2. Applications

Article 1. Application for Approval to Operate and Offer Educational Programs for Non-Accredited Institutions

71100. Application Form

(a) An applicant seeking approval to operate pursuant to Section 94886 of the Code, other than Approval to Operate by Accreditation pursuant to Section 94890(a)(1) of the Code, shall complete the "Application for Approval to Operate for an Institution Not Accredited," Form Application 94886 (rev. 2/10). An applicant seeking approval to operate by accreditation pursuant to Section 94890(a)(1) of the Code shall comply with section 71390.

(b) An applicant shall submit the completed form, the information or documentation required by this Article, the appropriate application fee as provided in Section 94930.5(a)(1) of the Code, and any appropriate annual fee as required by Article 1 of Chapter 5 of this Division, to the Bureau.

(c) An application that fails to contain all of the information required by this article shall render it incomplete.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94886, 94887, 94888, 94890 and 94930.5, Education Code.

71110. Institution's Name, Address, Telephone Number of Primary Administrative Office

An institution shall provide the following information on the Form Application 94886:

(a) The name, telephone number, fax number and website address of the institution.

(b) The address of the institution's primary administrative location in California identified by street address. The institution's primary administrative location in California shall be deemed the institution's principal place of business.

- (c) The mailing address of the institution, identified either by street address or by post office box number.
- (d) The street address of each campus and branch at which the educational programs will be offered, including the identification of the institution's main location and branch locations. If an institution is applying for a branch in conjunction with the main location, all required information must be provided for each location.
- (e) The name, address, email address, fax number and phone number of an individual who will function as the institution's contact person for the purposes of the Form Application 94886.
- (f) The social security number for individuals or federal employer identification number for each partnership who is identified in the Form Application 94886 pursuant to section 71130(a)(1).

Note: Authority cited: Section 30, Business and Professions Code; and Sections 94803, 94877 and 94888, Education Code. Reference: Section 30, Business and Professions Code; and Sections 94887 and 94888, Education Code.

71120. Form of Business Organization

The institution shall specify the form of business organization of the institution (e.g., sole proprietorship, general or limited partnership, for-profit corporation, nonprofit corporation, or Limited Liability Corporation). If the institution is incorporated, the institution shall also identify the state within which the institution is incorporated and the date of incorporation, and provide copies of the articles of incorporation and bylaws.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94851, 94887 and 94888, Education Code.

71130. Institution Ownership and Control; Violations of Law

- (a)(1) The institution shall identify the name, address, email address, and telephone number of each person, as defined in section 94855 of the Code, who owns or controls 25% or more of the stock or an interest in the institution and, to the extent applicable, each general partner, officer, corporate director, member of the board of directors and any other person who exercises substantial control over the institution's management or policies. For the purpose of this paragraph, a person exercises "substantial control over the institution's management or policies" if the person has the authority to cause the institution to expend money or incur debt in the amount of five thousand dollars (\$5,000) or more in any year.
- (2) For each address required, the institution shall provide a physical home address, and may request that the address, email address, and telephone number, of each person described in paragraph (1) be maintained as personal information.
- (b) The institution shall describe the nature and percentage of the ownership interest and any other financial involvement in the institution of any person identified in subdivision (a) of this section.
- (c) The institution shall provide a statement from any person identified in subdivision (a) of this section who -
 - (1) Was found in any judicial or administrative proceeding to have violated the Act or the law of any other state related to untrue or misleading advertising, the solicitation of prospective students for enrollment in an educational service, or the operation of a postsecondary school;

(2) Was denied any type of license on grounds set forth in Section 480 of the Business and Professions Code;

(3) Was adjudicated as responsible for the closure of an institution in which there were unpaid liabilities to the state or federal government or any uncompensated pecuniary losses suffered by students;

(4) Has stipulated to a judgment or administrative order or entered a consent decree involving any of the matters described in this section.

(5) Was convicted of any misdemeanor or felony as provided in Section 480(a)(1) of the Business and Professions Code;

(d) The institution shall furnish an explanation of any legal action pending against the institution or ownership or any of the institution's owners, officers, corporate directors, administrators, or instructors by any federal, state, or local law enforcement agency involving alleged acts of fraud, dishonesty, financial mismanagement, unpaid liabilities to any governmental agency or claims for pecuniary loss suffered by any student.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887 and 94888, Education Code; and Sections 30 and 480, Business and Professions Code.

71135. Agent for Service of Process

The institution shall include in its Form Application 94886 the name, physical address, telephone number, fax number, and e-mail address for the agent for service of process in California as required by section 94943.5 of the Code. The agent shall be at an address other than the address of the institution or any branch. The agent must confirm the information and acknowledge in writing that he or she is the designated agent for service of process. The information shall be kept current pursuant to section 74190.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887, 94888 and 94943.5, Education Code.

71140. Organization and Management

(a) The institution shall include in its Form Application 94886 an organization chart that shows the governance and administrative structure of the institution and the relationship between faculty and administrative positions.

(b) The institution shall provide a description of the job duties and responsibilities of each administrative and faculty position.

(c) The institution shall identify the chief executive officer, chief operating officer, and chief academic officer and describe their education, experience, and qualifications to perform their duties and responsibilities.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887 and 94888, Education Code.

71150. Governing Board

If the institution has a governing board, the Form Application 94886 shall include the name, work address, email address, and telephone number of each member of the governing board.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887 and 94888, Education Code.

71160. Institution Representative

The Form Application 94886 shall contain the name, work address, email address, fax number and telephone number of the person with whom the Bureau will correspond and conduct legal transactions on behalf of the institution.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887 and 94888, Education Code.

71170. Mission and Objectives

The institution shall describe in detail its mission and objectives.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887 and 94888, Education Code.

71180. Exemplars of Student Agreements

The institution shall include, with its Form Application 94886, exemplars of all student enrollment agreements and instruments of indebtedness.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887, 94888 and 94902, Education Code.

71190. Financial Aid Policies, Practices and Disclosures

If an institution receives financial aid because its students qualify for it under any state or federal financial aid program, the Form Application 94886 shall include a statement of its policies, practices, and disclosures regarding financial aid.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887, 94888, 94909, 94911, 94919, 94920 and 94926, Education Code.

71200. Advertising and Other Public Statements

(a) The institution shall include in its Form Application 94886 copies of advertising and other statements disseminated to the public in any manner by the institution or its representatives that concern, describe, or represent each of the following:

(1) The institution.

(2) Each educational program offered by the institution.

(b) If advertising is broadcast by television or radio, the Form Application 94886 shall also include a copy of the script.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887, 94888 and 94897, Education Code.

71210. Instruction and Degrees Offered

(a) The institution shall identify and describe the educational program it offers, or proposes to offer. If the educational program is a degree program, the institution shall identify the full title which it will place on each degree awarded.

(b) In addition to the general title, such as "Bachelor of Arts" or "Master of Science," each degree title shall include the name of a specific major field of learning involved.

(c) In addition, the institution shall list the following for each educational program offered:

(1) The admissions requirements, including minimum levels of prior education, preparation, or training;

(2) If applicable, information regarding the ability-to-benefit examination as required by section 94904 of the Code;

(3) The types and amount of general education required;

(4) The title of the educational programs and other components of instruction offered, including a description of the level of the courses (e.g., below college level, undergraduate level, graduate level);

(5) The method of instruction;

(6) The graduation requirements; and

(7) Whether the educational program is designed to fit or prepare students for employment in any occupation. If so, the Form Application 94886 shall identify each occupation and job title to which the institution represents the educational program will lead.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887, 94888, 94904 and 94910, Education Code.

71220. Description of Educational Program

For each educational program that the institution offers or proposes to offer, the Form Application 94886 shall contain a statement that the educational program meets the requirements of section 71710, as well as the following:

(a) A description of the educational program.

(b) A description of the equipment to be used during the educational program.

(c) A description of the number and qualifications of the faculty needed to teach the educational program.

(d) A projection, and the bases for the projection, of the number of students that the institution plans to enroll in the educational program during each of the three years following the date the Form Application 94886 was submitted.

(e) A description of the learning, skills, and other competencies to be acquired by students who complete the educational program.

(f) If licensure is a goal of an educational program, a copy of the approval from the appropriate licensing agency if required. A copy of the intent to approve conditioned solely upon institutional approval from the Bureau will also meet this requirement.

Upon request, the institution shall provide to the Bureau copies of the curriculum or syllabi required pursuant to section 71710.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94875, 94887, 94888, 94899, 94905 and 94909, Education Code.

71230. Instruction in Languages Other Than English

If the institution offers an educational program, or a portion of it, in a language other than English, the Form Application 94886 shall contain a description of all of the following for each educational program or portion thereof.

- (a) The language in which each educational program will be offered.
- (b) A statement that the institution has contracted with sufficient duly qualified faculty who will teach each language group of students.
- (c) The language of the textbooks and other written materials to be used by each language group of students.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887 and 94888, Education Code.

71240. Financial Resources and Statements

- (a) The Form Application 94886 shall contain a statement that the institution has and can maintain the financial resources required pursuant to section 71745.
- (b) The institution shall submit current, reviewed financial statements at the time it applies for approval to operate. Each set of financial statements shall comply with Section 74115 of this chapter.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887, 94888 and 94897, Education Code.

71250. Faculty

The Form Application 94886 shall include a statement that the institution has contracted with sufficient duly qualified faculty members who meet the qualifications of section 71720.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887 and 94888, Education Code.

71260. Facilities and Equipment

- (a) For each program offered, the Form Application 94886 shall contain a description of the facilities and the equipment which is available for use by students at the main, branch, and satellite locations of the institution.
- (b) For facilities that are leased or rented, the Form Application 94886 shall contain the name and address of the lessor or landlord, together with a copy of any use, lease, or rental agreements for the facilities.
- (c) The description of the physical facilities shall include building diagrams or campus maps to assist the Bureau in locating these facilities. The diagrams or maps shall identify the location of classrooms, laboratories, workshops, and libraries.
- (d) The description shall include specifications of significant equipment that demonstrate that the equipment meets the standards prescribed by the Code and this chapter and is sufficient to enable students to achieve the educational objectives of each education program.

(e) For each item of significant equipment, the description shall indicate whether the equipment is owned, leased, rented, or licensed for short- or long-term, or owned by another and loaned to be used without charge.

(f) The Form Application 94886 shall contain a list of all permits, certifications, or other evidence of inspections or authorizations to operate required by the jurisdictions within which the institution operates that the institution has obtained, and/or an explanation as to why those permits, certifications, or inspections have not yet been obtained.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887 and 94888, Education Code.

71270. Libraries and Other Learning Resources

The Form Application 94886 shall include a description of library holdings, services, and other learning resources, including policies and procedures for supplying them to students who do not receive classroom instruction. The description need not consist of a list of each holding. The description shall include an explanation of how the library and other learning resources are sufficient to support the instructional needs of students and, if no facilities exist at the institution, how and when students may obtain access to a library and other learning resources as required by the curriculum.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887 and 94888, Education Code.

71280. Student Services - Job Placement Assistance

If an institution represents to the public, in any manner, that it offers job placement assistance, the Form Application 94886 shall include a description of the job placement assistance that it provides.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887 and 94888, Education Code.

71290. Copy of Catalog

The Form Application 94886 shall include a copy of the institution's catalog, in published or proposed-to-be-published form. The catalog shall meet the requirements of the Act and of section 71810.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887, 94888, 94902, 94908, 94909 and 94911, Education Code.

71300. Graduation or Completion Documents

The institution shall submit a copy of the document that is awarded to a graduating student upon successful completion of each educational program.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887 and 94888, Education Code.

71310. Recordkeeping; Custodian of Records

(a) The Form Application 94886 shall contain a description of how records required by Article 9 of the Act or this chapter are or will be organized and maintained, the types of documents contained in student files, how the records are stored, and whether academic and financial records are maintained in separate files. The description shall include a statement of the institution's procedures for security and safekeeping of records.

(b) The description shall include the name, physical address, email address, and telephone number of the custodian of records, and the physical addresses and telephone numbers of the offices or buildings where the records will be maintained.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887, 94888, 94900 and 94900.5, Education Code.

71320. Self-Monitoring Procedures

The Form Application 94886 shall contain a description of the procedures used by the institution to assure that it is maintained and operated in compliance with the Act and this Division.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94885, 94887 and 94888, Education Code.

71340. Additional Information

(a) The institution shall include in the Form Application 94886 any material facts, which have not otherwise been disclosed in the Form Application 94886 that without inclusion would cause the information in the Form Application 94866 to be false, misleading or incomplete or that might reasonably affect the Bureau's decision to grant an approval to operate. In this context, a fact would be "material" if it would alter the Bureau's determination concerning the institution's ability to comply with any applicable provisions of the Act.

(b) The institution may also include in the Form Application 94886 any other facts which the institution would like the Bureau to consider in deciding whether to grant an approval to operate.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887 and 94888, Education Code.

71380. Signatures and Certification

(a) The Form Application 94886 shall be signed and dated, and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, as follows:

(1) By each owner of the institution, or

(2) If the institution is incorporated, by the chief executive officer of the corporation and each person who owns or controls 25 percent or more of the stock or interest in the institution, or

(3) By each member of the governing body of a nonprofit corporation.

(b) The declaration shall be in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

(Date) (Signature)"

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Section 2015.5, Code of Civil Procedure; and Section 94888, Education Code.

Article 2. Application for Approval to Operate and Offer Educational Programs for Accredited Institutions

71390. Application Form

(a) An applicant seeking approval to operate by means of its accreditation pursuant to Section 94890(a)(1) of the Code shall complete the "Application for Approval to Operate for an Accredited Institution," Form Application 94890 (rev. 2/10).

(b) An applicant shall submit to the Bureau the form required by subdivision (a) of this section, a certified copy of its current verification of accreditation granted by its accrediting agency, and the appropriate application fee, as provided in Section 94930.5(a)(3) of the Code.

(c) The application for Approval to Operate for an Accredited Institution shall include the following:

(1) The name, mailing address, telephone and fax numbers, website address and institution or school code of the institution.

(2) The name, mailing address, e-mail address, telephone and fax numbers of the institution contact person for the purposes of this application.

(3) The name, title and address of each person, as defined in section 94855 of the Code, who owns or controls 25% or more of the stock or an interest in the institution. The name, title and address of each general partner, officer, corporate director, member of the board of directors, and any other person who exercises substantial control over the institution's management or policies. For the purpose of this paragraph, a person exercises "substantial control over the institution's management or policies" if the person has the authority to cause the institution to expend money or incur debt in the amount of five thousand dollars (\$5,000) or more in any year.

(A) For each address required, the institution shall provide a physical home address, and may request that the address, email address, and telephone number, of each person described in paragraph (3) be maintained as personal information.

(B) The federal employer identification number for partnerships or the social security number for individual owners identified in the application pursuant to section 71130(a)(1).

(d) The application shall be signed and dated, and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, as follows:

(1) Signatories:

(A) Each owner of the institution, or

(B) If the institution is incorporated, the chief executive officer of the corporation and each person who owns or controls 25 percent or more of the stock or interest in the institution, or

(C) Each member of the governing body of a nonprofit corporation.

(2) The declaration shall be in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

(Date) (Signature)"

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Section 94890, Education Code.

71395. Application; Fees

(a) In order to obtain verification from the Bureau that it is exempt pursuant to Section 94874 of the Code, an institution must complete "Application for Verification of Exempt Status," Form Application 94874 (rev. 2/10).

(b) The application for verification of exemption shall include all of the following:

(1) The name, telephone number of the institution, and its website address;

(2) The physical address of the institution's primary administrative location in California;

(3) The mailing address of the institution;

(4) The name, address, email address, and telephone number of an individual who will function as the institution's contact person for the purposes of the application;

(5) Identification of the type of exemption or exemptions for which the institution believes it qualifies;

(6) If an institution is claiming an exemption under section 94874(b), 94874(e), 94874(h) and 94874(j) of the Code, identify the form of business organization of the institution (i.e., sole proprietorship, general or limited partnership, for-profit corporation or nonprofit corporation, or nonprofit religious corporation) and provide documentation verifying the form of business organization. If the institution is incorporated, the institution shall also identify the state within which the institution is incorporated and the date of incorporation;

(7) If an institution is claiming an exemption under section 94874(d)(2), 94874(g), 94874(h), 94874(i), 94874(j) or 94874.1 of the Code, a letter from that entity indicating the validity of the accreditation or approval, and the name and contact information for a representative of that entity;

(8) If an institution is claiming an exemption under section 94874(a), 94874(b), 94874(d)(1), 94874(d)(2), 94874(e), 94874(g), for each educational program offered or proposed to be offered by the institution, the following information:

(A) The title and description of the educational program;

(B) The full title and description of any diploma, certificate, degree or other similar title awarded to students who complete the program; and

(9) The total institutional charges for the educational program, and whether or not the institution is approved to offer federal financial assistance if applying for an exemption under Section 94874(f) of the Code; and

(10) Admission criteria if applying for an exemption under section 94874(b) of the Code.

(11) In addition to other requirements of this section, institutions claiming exemption under section 94874(e) of the Code shall provide verification of operation as a nonprofit religious corporation pursuant to Part 4 (commencing with Section 9110) of Division 2 of Title 1 of the Corporations Code.

(12) In addition to other requirements of this section, institutions claiming exemption under section 94874(h) shall provide verification of operation under section 501(c)(3) of the United States Internal Revenue Code and verification that the organization exclusively provides workforce development or rehabilitation services.

(13) In addition to other requirements of this section, institutions claiming exemption under section 94874(j) shall provide documentation of:

(A) operation in California for a minimum of 25 years; and

(B) a statement that the institution has never filed for bankruptcy; and

(C) the cohort default rate on guaranteed student loans for the most recent three years; and

(D) cancellation and refund policies; and

(E) copies of the most recent composite scores of equity, primary reserve, and net income ratios as submitted to the United States Department of Education; and

(F) the most recent IRS Form 990.

(14) A statement that the applicant understands that a verification of exemption obtained from the Bureau is not an Approval to Operate issued pursuant to section 94886 or 94890 of the Code, and that the institution is prohibited from advertising, claiming, or implying that it has been approved to operate by the Bureau, unless it has been issued such an approval; and

(15) Any material facts as defined by section 71340(a) of this Chapter.

(c) The application shall be signed and dated, and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, as follows:

(1) Signatories:

(A) Each owner of the institution, or

(B) If the institution is incorporated, the chief executive officer of the corporation and each person who owns or controls 25 percent or more of the stock or interest in the institution, or

(C) Each member of the governing body of a nonprofit corporation.

(2) The declaration shall be in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

_____.
(Date) (Signature)"

(d) Each signatory to the application shall provide his or her name, title, ownership interest, and address.

(e) An applicant shall submit to the Bureau the completed form required by subdivision (a) of this section, and a fee provided in section 74004.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94874.1 and 94874.7, of the Education Code.

71400. Processing of Completed Applications

(a) Action by the Bureau shall not commence until a completed Form Application 94886 for approval to operate, or for verification of exemption, has been submitted to the Bureau for its review.

(b) Within 30 days after receipt of a Form Application 94886 for approval to operate as required by Article 1, or for verification of exemption, the Bureau shall notify the institution in writing that the application is complete and has been accepted for filing or that the application is not complete. If the application is not complete, the Bureau shall specify in the notice what additional information or documents are needed from the institution in order for the application to be deemed complete.

(c) The Bureau shall consider an application to be complete if it appears that the institution has submitted all of the information, documents, and fees required by the Act and by Article 2 of this chapter. This includes any additional documents the Bureau may request to determine if the institution's proposed implementation meets the minimum operating standards of Section 94885 of the Code.

(d) Pursuant to section 94887 of the Code, the Bureau will either grant or deny an application. When specific minor deficiencies are identified during processing but the institution is substantially in compliance with the requirements of the Code and this Division, a provisional or conditional authorization to operate may be granted for a period not to exceed six (6) months, to permit the institution to correct those deficiencies identified. If those deficiencies are not corrected after the first period of provisional approval, or the condition upon which an approval may be granted is not satisfied, the provisional or conditional authorization to operate may be extended for a period not to exceed six (6) months if the program demonstrates to the Bureau a good faith effort and ability to correct the deficiencies. A provisional or conditional authorization to operate shall expire at the end of its stated period and the application shall be deemed denied, unless the deficiencies are removed prior to its expiration and an approval to operate has been granted before that date.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887 and 94888, Education Code.

71400.5. Denial of an Application

(a) The inclusion of false or misleading information, or the intentional or negligent omission of pertinent information on any application may result in the denial of the application or a delay in processing, and may be grounds for action pursuant to Article 18 of the Act.

(b) In addition to denying an application pursuant to section 94887 of the Code, the Bureau may deny any

application based on any act that constitutes grounds for the denial of a license under Section 480 of the Business and Professions Code, incorporated herein by reference.

(c) The proceedings under this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Section 480, Business & Professions Code; and Sections 94887, 94888 and 94932, Education Code.

71401. Abandonment of Application

An application shall be deemed abandoned and the fee forfeited when the application has not been completed by the applicant in accordance with the Act and this chapter within one year after the date that the application was initially received by the Bureau, or the date that the Bureau notified the applicant that it was incomplete, whichever is later. If an application has been abandoned, the applicant shall submit a new application and fee in order to seek an approval to operate.

Note: Authority cited: Sections 94877, 94888 and 94930, Education Code. Reference: Section 94888, Education Code.

71405. Change in Circumstance Affecting Application Information

(a) If, after the submission of an application but prior to the Bureau's decision to approve or deny an approval to operate, there is any material change in circumstances affecting any information contained in the application or submitted by the institution in support of the application, the institution shall immediately inform the Bureau in writing.

(b) For the purposes of this section, a change in circumstance is "material" if, without the inclusion of the new or different information into the application, the information contained in or the supporting documentation to the application would be false, misleading, or incomplete.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887 and 94888, Education Code.

Article 5. Visiting Committees

71450. Empaneling of Visiting Committees; Reports

(a) An institution shall be required to undergo an onsite review by a visiting committee in order to evaluate its Form Application 94886 for an approval to operate if and when the Director determines that such evaluation is necessary to assist in a qualitative review of the institution or any of its programs.

(b) If a visiting committee is empaneled for the purpose of evaluating a Form Application 94886 for an approval to operate, the following shall apply:

(1) The visiting committee shall be appointed by the Director; and

(2) The visiting committee shall include educators or instructors trained in the subject matter of educational programs offered by the institution, and any other person with expertise in the standards listed in Section 94885 of the Code. The Director shall appoint a chair of the visiting committee. In addition, the

Director may empanel a special committee consisting of one or more technically qualified people to assist the visiting committee in the evaluation of the application and the institution.

(c) The Director shall select a member of the Bureau's staff to serve as the visiting committee's liaison. The staff member shall prepare, with the cooperation of the visiting committee's members, the visiting committee's evaluation report and recommendations.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94882, 94887 and 94888, Education Code.

71455. Challenge to the Visiting Committee

(a) The institution being evaluated shall be notified of the identity of the members of the visiting committee at least 30 days before the visit. The notice shall also include a description of the institution's right to object to a committee member and the procedure for objection as provided in this section.

(b) If the institution objects to the inclusion of any person in the visiting committee, the institution may file a written objection with the Director at least 14 days before the visiting committee is originally scheduled to conduct its onsite inspection.

(c) An institution has a right to seek the disqualification of a visiting committee member before the occurrence of the onsite inspection on any of the following grounds:

(1) The committee member has inadequate academic or experiential qualification.

(2) The committee member or his or her family has a financial interest in, or is employed by, a competing institution which offers or proposes to offer any of the educational programs offered or proposed to be offered by the applicant institution.

(3) The committee member is biased. In order to establish that a committee member is biased, the institution must document in writing that the member is predisposed to give an unfavorable recommendation.

(d) An institution seeking to disqualify a visiting committee member shall submit copies of all evidence and argument on which it relies when the written objection is filed.

(e) All evidence and argument shall be considered by the Director. The Director shall make the final decision on the composition of the visiting committee before the onsite inspection occurs. There shall be no oral hearing or review of this decision.

(f) If an institution has grounds under subdivision (c) to object to the empaneling of a committee member before the occurrence of the onsite inspection and fails to timely object, the institution permanently waives the right to challenge the visiting committee's composition or report on those grounds.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Section 94882, Education Code.

71460. Duties of the Visiting Committee

(a) The visiting committee shall conduct a comprehensive, qualitative onsite inspection and review of all aspects of the institution's operations to evaluate the institution's efforts to implement its mission and objectives and to determine whether the institution complies with the applicable requirements of the Act and this Division.

(b) The visiting committee's inspection and review may include the examination of documents and records, the inspection of facilities and equipment, the auditing of classes, and the interview of current or former owners, directors, officers, administrators, faculty, and students.

(c) The visiting committee shall cooperate with the Bureau staff liaison in the preparation of a written evaluation report as described in Section 71450(c).

Note: Authority cited: Sections 94803, 94887 and 94888, Education Code. Reference: Section 94882, Education Code.

71465. Visiting Committee Report

(a) The visiting committee report shall contain all of the following:

(1) The committee's findings regarding the institution's compliance with the Act and this Division, and facts supporting those findings;

(2) The committee's assessment of the institution's ability to meet the stated objectives of each educational program offered by the institution, including deficiencies, and facts supporting the assessment;

(3) The committee's assessment of the institution's ability, as a whole, to implement its mission, and facts supporting the assessment; and

(4) The committee's recommendations for action on the application.

(b) The institution shall have an opportunity to review the visiting committee report and respond to the Bureau within fifteen (15) days of the institution's receipt of such report as to errors of fact or erroneous findings based on errors of fact. The Bureau will review the visiting committee's report, and, along with the entire application, will consider the report and recommendations, and the institution's response, if any, before taking action.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Section 94882, Education Code.

71470. Institution Cooperation with Visiting Committee

(a) The institution shall make available for inspection by the visiting committee all records which the visiting committee reasonably deems necessary or appropriate to inspect to determine whether the institution meets the standards of the Act and this Division.

(b) The institution shall facilitate the visiting committee's onsite inspection including the inspection of records, inspection of facilities and equipment, observation of class sessions, or interviews with officers, administrators, faculty, or students.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Section 94882, Education Code.

Article 6. Renewals

71475. Renewal of an Approval to Operate for a Non-Accredited Institution; Cancellation of an Approval to Operate.

(a) Unless renewed, an approval to operate shall expire at 12 midnight on the last day of the institution's term of approval to operate as granted pursuant to section 94802 or section 94889 of the Code.

(b) An institution seeking to renew its Approval to Operate pursuant to section 94891 of the Code shall, prior to its expiration, complete and submit to the Bureau the "Application for Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions," Form Application 94891 (rev. 2/10).

(c) The application for renewal of approval to operate and offer educational programs for non-accredited institutions shall include all of the following:

(1) The name, institution/school code and website address of the institution.

(2) The physical address of the institution's primary administrative location in California.

(3) The mailing address, identified either by physical address or by post office box number, telephone number and fax number of the institution.

(4) The physical address, phone number and fax number of each campus and branch at which the educational programs will be offered, including the identification of the institution's main location and branch locations.

(5) The name, address, email address, telephone number, and fax number of an individual who will function as the institution's contact person for the purposes of the application.

(6) The form of business organization of the institution (e.g., sole proprietorship, general or limited partnership, for-profit corporation, nonprofit corporation, or Limited Liability Corporation). If the institution is incorporated, the institution shall also identify the state within which the institution is incorporated and the date of incorporation, and provide copies of the articles of incorporation and bylaws.

(7) The name, title, address, email address, telephone number, nature of interest and percentage of ownership of each person, as defined in section 94855 of the Code, who owns or controls 25% or more of the stock or an interest in the institution and, to the extent applicable, each general partner, officer, corporate director, member of the board of directors, and any other person who exercises substantial control over the institution's management or policies. For the purpose of this paragraph, a person exercises "substantial control over the institution's management or policies" if the person has the authority to cause the institution to expend money or incur debt in the amount of five thousand dollars (\$5,000) or more in any year.

(A) For each address required, the institution shall provide a physical home address, and may request that the address, email address, and telephone number, of each person described in paragraph (7) be maintained as personal information.

(B) The federal employer identification number for partnerships or the social security number for individual owners identified in the application pursuant to section 71130(a)(1).

(d) In addition to the form required in (b), the institution shall submit all information required by section 71100(b), and the appropriate renewal fee as provided in Sections 94930.5(b)(1) and 94930.5(b)(2) of the

Code, as applicable, to the Bureau. Except for the financial statements required by subdivision (e) of this section and the statement required in subdivision (f) of this section, if the information required in order to renew its approval to operate is substantially similar to the information submitted by the institution in its last renewal application, or initial application if it is the first renewal, the institution may state that there are no substantial changes.

(e) The institution shall submit at the time it applies for renewal current financial statements that meet the requirements of section 74115 as follows: (1) for an institution with annual gross revenues of \$500,000 and over, statements shall be audited; (2) for an institution with annual gross revenues less than \$500,000, statements shall be reviewed.

(f) The renewal application shall include a statement from any person identified in subdivision (h)(1) of this section who -

(1) Was found in any judicial or administrative proceeding to have violated the Act or the law of any other state related to untrue or misleading advertising, the solicitation of prospective students for enrollment in an educational service, or the operation of a postsecondary school;

(2) Was denied any type of license on grounds set forth in Section 480 of the Business and Professions Code;

(3) Was adjudicated as responsible for the closure of an institution in which there were unpaid liabilities to the state or federal government or any uncompensated pecuniary losses suffered by students;

(4) Has stipulated to a judgment or administrative order or entered a consent decree involving any of the matters described in this section.

(5) Was convicted of any misdemeanor or felony as provided in Section 480(a)(1) of the Business and Professions Code;

(g) The institution shall furnish in the application an explanation of any legal action pending against the institution or ownership or any of the institution's owners, officers, corporate directors, administrators, or instructors by any federal, state, or local law enforcement agency involving alleged acts of fraud, dishonesty, financial mismanagement, unpaid liabilities to any governmental agency or claims for pecuniary loss suffered by any student.

(h) The institution shall include in its application the name, title, physical address, telephone number, fax number, and e-mail address for the agent for service of process in California as required by section 94943.5 of the Code. The agent shall be at an address other than the address of the institution or any branch. The agent must confirm the information and acknowledge in writing that he or she is the designated agent for service of process. The information shall be kept current pursuant to section 74190.

(i) The institution shall include in its application an organization chart that shows the governance and administrative structure of the institution and the relationship between faculty and administrative positions. If there have been no substantive changes since the last submission of an organizational chart, the institution may so state and is not required to submit documentation.

(j) The institution shall provide in the application a description of the job duties and responsibilities of each administrative and faculty position. If there have been no substantive changes since the last submission, the institution may so state and is not required to submit documentation.

(k) The institution shall identify in the application the chief executive officer, chief operating officer, and chief academic officer and describe their education, experience, and qualifications to perform their duties and responsibilities. If there have been no substantive changes since the last submission, the institution may so state and is not required to submit documentation.

(l) If the institution has a governing board, the application shall include the name, work address, email address, and telephone number of each member of the governing board. If there have been no substantive changes since the last submission, the institution may so state and is not required to submit documentation.

(m) The application shall contain the name, work address, email address, fax number and telephone number of the person with whom the Bureau will correspond and conduct legal transactions on behalf of the institution. If there have been no substantive changes since the last submission, the institution may so state and is not required to submit documentation.

(n) The institution shall describe in the application, in detail its mission and objectives. If there have been no substantive changes since the last submission, the institution may so state and is not required to submit documentation.

(o) The institution shall include, with its application, exemplars of all student enrollment agreements and instruments of indebtedness.

(p) If an institution receives financial aid because its students qualify for it under any state or federal financial aid program, the application shall include a statement of its policies, practices, and disclosures regarding financial aid. If there have been no substantive changes since the last submission, the institution may so state and is not required to submit documentation.

(q) The institution shall include in its application copies of advertising and other statements disseminated to the public in any manner by the institution or its representatives that concern, describe, or represent each of the following:

(1) The institution.

(2) Each educational program offered by the institution.

(3) If advertising is broadcast by television or radio, the application shall also include a copy of the script.

(r) The institution shall identify and describe, in the application, the educational program it offers, or proposes to offer. If the educational program is a degree program, the institution shall identify the full title which it will place on each degree awarded. If there have been no substantive changes since the last submission, the institution may so state and is not required to submit documentation.

(s) The application shall include, in addition to the general title, such as "Bachelor of Arts" or "Master of Science", the name of a specific major field of learning involved. If there have been no substantive changes since the last submission, the institution may so state and is not required to submit documentation.

(t) In addition, the institution shall list in the application, the following for each educational program

offered unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.

- (1) The admissions requirements, including minimum levels of prior education, preparation, or training;
 - (2) If applicable, information regarding the ability-to-benefit examination as required by section 94904 of the Code.
 - (3) The types and amount of general education required;
 - (4) The title of the educational programs and other components of instruction offered, including a description of the level of the courses (e.g., below college level, undergraduate level, graduate level);
 - (5) The mode of instruction;
 - (6) The graduation requirements.
 - (7) Whether the educational program is designed to fit or prepare students for employment in any occupation. If so, the application shall identify each occupation and job title to which the institution represents the educational program will lead.
- (u) For each educational program that the institution offers or proposes to offer, the application shall contain a statement that the educational program meets the requirements of section 71710, as well as the following unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation:
- (1) A description of the educational program.
 - (2) A description of the equipment to be used during the educational program.
 - (3) A description of the number and qualifications of the faculty needed to teach the educational program.
 - (4) A projection, and the bases for the projection, of the number of students that the institution plans to enroll in the educational program during each of the three years following the date the application was submitted.
 - (5) A description of the learning, skills, and other competencies to be acquired by students who complete the educational program.
 - (6) If licensure is a goal of an educational program, a copy of the approval from the appropriate licensing agency. A copy of the intent to approve conditioned solely upon institutional approval from the Bureau will also meet this requirement.
 - (7) Upon request, the institution shall provide to the Bureau copies of the curriculum or syllabi required pursuant to section 71710.
- (v) If the institution offers an educational program, or a portion of it, in a language other than English, the application shall contain a description of all of the following for each educational program or portion thereof unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.

- (1) The language in which each educational program will be offered.
 - (2) A statement that the institution has contracted with sufficient duly qualified faculty who will teach each language group of students.
 - (3) The language of the textbooks and other written materials to be used by each language group of students.
- (w)(1) The application shall contain a statement that the institution has and can maintain the financial resources required pursuant to section 71745.
- (2) The institution shall submit current, audited financial statements at the time it applies for approval to operate. Each set of financial statements shall comply with Section 74115 of this chapter.
- (x) The application shall include a statement that the institution has contracted with sufficient duly qualified faculty members who meet the qualifications of section 71720 unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.
- (y)(1) For each program offered, the application shall contain a description of the facilities and the equipment which is available for use by students at the main, branch, and satellite locations of the institution unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.
- (2) For facilities that are leased or rented, the application shall contain the name and address of the lessor or landlord, together with a copy of any use, lease, or rental agreements for the facilities unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.
 - (3) The application shall include, in addition to the description of the physical facilities, building diagrams or campus maps to assist the Bureau in locating these facilities. The diagrams or maps shall identify the location of classrooms, laboratories, workshops, and libraries unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.
 - (4) The description in the application shall include specifications of significant equipment that demonstrate that the equipment meets the standards prescribed by the Code and this chapter and is sufficient to enable students to achieve the educational objectives of each education program unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.
 - (5) For each item of significant equipment, the description in the application shall indicate whether the equipment is owned, leased, rented, or licensed for short- or long-term, or owned by another and loaned to be used without charge unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.
 - (6) The application shall contain a list of all permits, certifications, or other evidence of inspections or authorizations to operate required by the jurisdictions within which the institution operates that the institution has obtained, and/or an explanation as to why those permits, certifications, or inspections have

not yet been obtained unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.

(z) The application shall include a description of library holdings, services, and other learning resources, including policies and procedures for supplying them to students who do not receive classroom instruction. The description need not consist of a list of each holding. The description shall include an explanation of how the library and other learning resources are sufficient to support the instructional needs of students and, if no facilities exist at the institution, how and when students may obtain access to a library and other learning resources as required by the curriculum unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.

(aa) If an institution represents to the public, in any manner, that it offers job placement assistance, the application shall include a description of the job placement assistance that it provides unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.

(bb) The application shall include a copy of the institution's catalog, in published or proposed-to-be-published form. The catalog shall meet the requirements of the Act and of section 71810.

(cc) The institution shall submit with the application, a copy of the document that is awarded to a graduating student upon successful completion of each educational program unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.

(dd)(1) The application shall contain a description of how records required by Article 9 of the Act or this chapter are or will be organized and maintained, the types of documents contained in student files, how the records are stored, and whether academic and financial records are maintained in separate files. The description shall include a statement of the institution's procedures for security and safekeeping of records unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.

(2) The description in the application shall include the name, physical address, email address, and telephone number of the custodian of records, and the physical addresses and telephone numbers of the offices or buildings where the records will be maintained unless there have been no substantive changes since the last submission. If there have been no substantive changes made the institution may so state and is not required to provide documentation.

(ee) The application shall contain a description of the procedures used by the institution to assure that it is maintained and operated in compliance with the Act and this Division.

(ff)(1) The institution shall include in the application any material facts as defined by section 71340, which have not otherwise been disclosed in the application that might reasonably affect the Bureau's decision to grant an approval to operate. In this context, a fact would be "material" if it would change the Bureau's decision concerning the institution's ability to comply with any applicable provisions of the Act.

(2) The institution may also include in the application any other facts which the institution would like the Bureau to consider in deciding whether to grant an approval to operate.

(3) For the purposes of this section, a fact is "material" if, without its inclusion into the application, the information contained in the application would be false, misleading, or incomplete.

(gg) The institution demonstrates its continued capacity to meet the minimum operating standards by submitting the renewal application signed and dated, and each fact stated therein and each attachment thereto declared to be true under penalty of perjury, as follows:

(1) Signatories:

(A) Each owner of the institution, or

(B) If the institution is incorporated, the chief executive officer of the corporation and each person who owns or controls 25 percent or more of the stock or interest in the institution, or

(C) Each member of the governing body of a nonprofit corporation.

(2) The declaration shall be in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

_____. .. _____
(Date) (Signature)"

(hh) In addition to the fees required by subdivision (d) of this section:

(1) An application for renewal that is received by the Bureau more than 30 days after the expiration of the approval to operate shall be submitted with the 25 percent late payment penalty fee required by section 94931(a) of the Code.

(2) An application for renewal that is received by the Bureau more than 90 days after the expiration of the approval to operate shall be submitted with the 35 percent late payment penalty fee required by section 94931(b) of the Code.

(ii) Provided that a complete renewal application is received by the Bureau prior to the expiration of the approval, a valid approval to operate shall continue until the Bureau has acted upon the renewal application.

(jj) An approval to operate that has expired may be renewed at any time within 6 months after its expiration on filing of an application for renewal and, as a condition precedent to renewal, payment of all accrued and unpaid renewal fees, late payment penalty fees prescribed in subdivision (e) of this section, and any other fees that would have been due in order to renew timely. After an approval to operate has expired for more than 6 months, the approval is automatically cancelled and the institution must submit a complete application pursuant to section 71100, meet all current requirements, and pay all fees that would have been due in order to timely renew, in order to apply for approval.

(kk) An incomplete application filed under this section will render the institution ineligible for renewal.

Note: Authority cited: Sections 94803 and 94891, Education Code. Reference: Sections 94802, 94889 and 94931, Education Code.

71480. Renewal of an Approval to Operate for an Accredited Institution

(a) Unless renewed, an approval to operate shall expire at 12 midnight on the last day of the institution's term of approval as granted pursuant to section 94890(b) of the Code.

(b) An institution seeking to renew its Approval to Operate pursuant to section 94890 of the Code shall complete and submit to the Bureau the "Renewal Application for Approval to Operate for an Accredited Institution," Form Application 94890 (rev. 2/10).

(c) The application for renewal of an approval to operate for an accredited institution shall include all of the following:

(1) The name, institution/school code and website address of the institution.

(2) The mailing address, identified either by physical address or by post office box number, telephone number and fax number of the institution.

(3) The name, address, email address, telephone number and fax number of an individual who will function as the institution's contact person for the purposes of the application.

(4) The name, title and address of each person, as defined in section 94855 of the Code, who owns or controls 25% or more of the stock or an interest in the institution and, to the extent applicable, each general partner, officer, corporate director, member of the board of directors, and any other person who exercises substantial control over the institution's management or policies. For the purpose of this paragraph, a person exercises "substantial control over the institution's management or policies: if the person has the authority to cause the institution to expend money or incur debt in the amount of five thousand dollars (\$5,000) or more in any year.

(A) For each address required, the institution shall provide a physical home address, and may request that the address, email address, and telephone number, of each person described in paragraph (4) be maintained as personal information.

(B) The federal employer identification number for partnerships or the social security number for individual owners identified in the application.

(d) In addition to the form required in (b), the institution shall submit the appropriate renewal fee as provided in Section 94930.5(b)(3) of the Code to the Bureau, and verification that its accreditation has been renewed by its accreditation agency.

(e) The institution demonstrates its continued capacity to meet the minimum operating standards by submitting the application signed and dated, and each fact stated therein and each attachment thereto declared to be true under penalty of perjury, as follows:

(1) Signatories:

(A) Each owner of the institution, or

(B) If the institution is incorporated, the chief executive officer of the corporation and each person who owns or controls 25 percent or more of the stock or interest in the institution, or

(C) Each member of the governing body of a nonprofit corporation.

(2) The declaration shall be in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

_____.
(Date) (Signature)"

(3) The application will include the date signed, the name and title of each signor of the application.

(f) In addition to the fee required by subdivision (d) of this section:

(1) An application for renewal that is received by the Bureau more than 30 days after the expiration of the approval to operate shall be submitted with the 25 percent late payment penalty fee required by section 94931(a) of the Code.

(2) An application for renewal that is received by the Bureau more than 90 days after the expiration of the approval to operate shall be submitted with the 35 percent late payment penalty fee required by section 94931(b) of the Code.

(g) Provided that a complete renewal application is received by the Bureau prior to the expiration of the approval, a valid approval to operate shall continue until the Bureau has acted upon the renewal application.

(h) An approval to operate that has expired may be renewed at any time within 6 months after its expiration on filing of an application for renewal and, as a condition precedent to renewal, payment of all accrued and unpaid renewal fees, late payment penalty fees prescribed in subdivision (f) of this section, and any other fees that would have been due in order to renew timely. After an approval to operate has expired for more than 6 months, the approval is automatically cancelled and the institution must submit a complete application pursuant to section 71390, meet all current requirements, and pay all fees that would have been due in order to timely renew, in order to apply for approval.

(i) An incomplete application filed under this section will render the institution ineligible for renewal.

Note: Authority cited: Sections 94803, 94890 and 94891, Education Code. Reference: Sections 94802, 94889, 94890, 94930.5 and 94931, Education Code.

71485. Student Tuition Recovery Fund Assessments and Annual Fees as Condition of Renewal

Failure of an institution to have made current payments of the assessments to the Student Tuition Recovery Fund as required by chapter 7 of this Division, and annual fees as required by chapter 5 of this Division shall render the institution ineligible for renewal.

Note: Authority cited: Sections 94803, 94890 and 94891, Education Code. Reference: Sections 94802, 94889, 94890, 94891 and 94930.5, Education Code.

Article 7. Applications for a Substantive Change to an Approval to Operate

71500. Application to Change Location

(a) An institution seeking a change of location as defined in 94823.5 of the Code shall complete the "Change of Location" form (LOC rev. 2/10) to obtain prior authorization. The form shall be submitted at least 60 days prior to the proposed date of the change in location unless an unforeseen and unavoidable circumstance outside the control of the institution requires an earlier change; in which case it shall be submitted no later than 30 days following the change in location. The form shall be submitted to the Bureau along with the appropriate fee as provided in Section 94930.5(c) of the Code. It shall be signed by the signatory(ies) required by section 71380 and dated, and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

_____. .. _____
(Date) (Signature)"

(b) The application shall establish that the institution can meet the minimum operating standards contained in Chapter 3, and shall include:

(1) The name, school code, current and proposed addresses, and telephone and fax numbers of the institution;

(2) A description of the proposed physical facilities, including building diagrams or campus maps. The diagram or maps shall identify at a minimum, the locations of classrooms, laboratories, workshops and libraries;

(3) A description of any equipment to be used at the proposed facilities that is different from the equipment used at the present facility;

(4) The date on which the institution intends to offer instruction at the new location;

(5) The distance between the approved location and the proposed new location;

(6) The reason for the move;

(7) A description of the actions taken to notify students, if any, pursuant to section 94898(d)(1) of the Code, and whether the institution has offered a full refund to students pursuant to section 94898(d)(3) of the Code; and

(8) The name, address, email address, telephone and fax numbers for the institution's contact person for the purpose of this application.

(c) The Bureau may deem the actions that the institution takes to notify students of the proposed change of location to be sufficient notice for purposes of section 94898(d)(2).

(d) An institution that has been granted an approval to operate by means of accreditation shall notify the Bureau of the substantive change within 30 days of that change on the Change of Location form, by providing the information required in sections (b)(1), (b)(8) of this section and shall attach certification

from the institution's accreditation agency demonstrating that the substantive change was made in accordance with the institution's accreditation standards, and complies with the Act and this Division.

(1) The application for change of location for an institution approved by means of accreditation shall be signed and dated by the signatory(ies) required by section 71390(d), and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

_____.
(Date) (Signature)"

Note: Authority cited: Sections 94803 and 94895, Education Code. Reference: Sections 94823.5, 94893, 94894, 94895, 94896, 94898(d) and 94930.5, Education Code.

71550. Application for Addition of Separate Branch

(a) An institution seeking to add a separate branch pursuant to section 94894(h) shall complete the "Application for Addition of a Separate Branch" form (SEP rev. 2/10) to obtain prior authorization. The form shall be submitted to the Bureau along with the appropriate fee as provided in Section 94930.5(a)(2) of the Code. It shall be signed and dated by the signatory(ies) required by section 71380 for an institution approved under section 94885 of the Code and section 71390 for an institution approved under section 94890 of the Code, and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

_____.
(Date) (Signature)"

(b) For an institution approved under section 94885 of the code, the application shall establish that the institution, including the separate branch, can meet the minimum operating standards contained in Chapter 3, and shall include:

- (1) The name, school code, telephone and fax numbers, and address of the institution;
- (2) The address of the proposed separate branch;
- (3) The reasons for establishing a separate branch, and how the proposed branch helps to further the institution's mission and objectives;
- (4) When the institution proposes to open the branch;
- (5) The projected number of students that the proposed branch will serve, and the basis for that projection;
- (6) The impact of the branch on the financial resources of the institution, including the institution's ability to comply with section 71745;

- (7) A description of the proposed branch's educational programs;
 - (8) A description of the facility and equipment as provided in Section 71260;
 - (9) A description of the differences between the programs that the institution offers at the main location and the programs the institution proposes to offer at the branch location, including admissions standards, degree requirements, curricula, and standards for student achievement or a statement that an application for a Change in Educational Objective under section 71950 accompanies the application;
 - (10) A statement that the institution has contracted with duly qualified faculty who meet the qualifications of section 71720 at the proposed branch, including whether faculty will teach only at the proposed branch or will be shared among the institution's locations;
 - (11) A description of library and other learning resources, as provided in Section 71270, that will be available to students attending the proposed branch;
 - (12) A description of the planned administrative relationship between the main location and the proposed branch, including the nature and extent of the supervision by the chief academic officer, chief operating officer, chief executive officer, and administrators at the main location over the activities of the proposed branch; and
 - (13) The name, address, email address, and telephone and fax numbers of the institution's contact person for the purpose of this application; and
 - (14) Any additional information required by the Bureau pursuant to section 71340.
- (c) An institution that has been granted an approval to operate under section 94890 of the code shall notify the Bureau of the substantive change within 30 days of that change on the Separate Branch form, shall provide the information required by section (b)(1), (b)(2) and (b)(13) of this section, and shall attach certification from the institution's accreditation agency demonstrating that the substantive change was made in accordance with the institution's accreditation standards, and complies with the Act and this Division.
- (d) Any approval of the addition of a new branch pursuant to this section shall run co-existent with the approval of the main campus in this state and shall be renewed at the same time.

Note: Authority cited: Sections 94803 and 94895, Education Code. Reference: Sections 94823.5, 94893, 94894, 94895, 94896 and 94930.5, Education Code.

71600. Application for Significant Change in Method of Instructional Delivery

- (a) An institution seeking to make a significant change in its method of instructional delivery shall complete the "Significant Change in Method of Instructional Delivery" form (INS rev. 2/10) to obtain prior authorization. For the purposes of this section a "significant change in instructional delivery" is any change that alters the way students interact with faculty or access significant equipment. The form shall be submitted to the Bureau along with the appropriate fee as provided in Section 94930.5(c) of the Code. For an institution approved under section 94885 of the Code, it shall be signed and dated by the signatory(ies) required by section 71380, and for an institution approved under section 94890 of the Code,

it shall be signed and dated by the signatory(ies) required by section 71390, and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

_____.
(Date) (Signature)"

(b) The application shall establish that the institution, if making a significant change in its method of instructional delivery, can meet the minimum operating standards contained in Chapter 3, and shall include:

- (1) The name, school code, address, and telephone and fax numbers of the institution;
- (2) A description of the proposed new method of instructional delivery, and how the curriculum will be changed or adapted to meet the change in delivery method;
- (3) A detailed explanation of the reasons for the proposed change;
- (4) A description of how the change affects students, administration, and the institution's financial resources;
- (5) If the proposed change will result in any significant changes in existing faculty, facilities, library or learning resources, the institution shall provide the applicable information required by Section 71250 through 71270, inclusive;
- (6) A description of how the institution will phase in the new method of instructional delivery;
- (7) The name, address, email address, and telephone and fax numbers of the institution's contact person for the purpose of this application; and
- (8) Any additional information required by the Bureau pursuant to section 71340.

(c) An institution that has been granted an approval to operate by means of accreditation shall notify the Bureau of the substantive change within 30 days of that change on the Change of Instruction form by providing the information required in section (b)(1) and (b)(7), and shall attach certification from the institution's accreditation agency demonstrating that the substantive change was made in accordance with the institution's accreditation standards, and complies with the Act and this Division.

Note: Authority cited: Sections 94803 and 94895, Education Code. Reference: Sections 94893, 94894, 94895, 94896 and 94930.5, Education Code.

71630. Application for Change of Name

(a) An institution seeking to change its name shall complete the "Change of Name" form (NAME rev. 2/10) to obtain prior authorization. The form shall be submitted to the Bureau along with the appropriate fee as provided in Section 94930.5(c) of the Code. For an institution approved under section 94885 of the

code it shall be signed and dated by the signatory(ies) required by section 71380, for an institution approved under section 94890 of the code it shall be signed and dated by the signatory(ies) required by section 71390, and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

(Date) (Signature)"

(b) The application shall include:

- (1) The name, school code, address, and telephone and fax numbers of the institution;
- (2) The proposed new name;
- (3) A detailed explanation of the reasons for the proposed change in name;
- (4) Copies of advertising and other statements to be disseminated to the public in any manner by the institution or its representatives that announce or use the proposed name;
- (5) The name, address, email address, and telephone and fax numbers of the institution's contact person for the purpose of this application; and
- (6) Any additional information required by the Bureau pursuant to section 71340.

(c) An institution that has been granted an approval to operate by means of accreditation shall notify the Bureau of the substantive change within 30 days of that change on the Change of Name form by completing section (b)(1) and (b)(5) of this section, and shall attach certification from the institution's accreditation agency demonstrating that the substantive change was made in accordance with the institution's accreditation standards, and complies with the Act and this Division.

Note: Authority cited: Sections 94803 and 94895, Education Code. Reference: Sections 94893, 94894, 94895, 94896 and 94930.5, Education Code.

71640. Application for Ownership, Control, or Business Organization Form

(a) An institution seeking to change the business organization form, control, or ownership as defined in sections 94821, 94822, or 94823, respectively shall complete the "Change of Business Organization/Control/Ownership" form (OWN rev. 2/10) to obtain prior authorization. The form shall be submitted to the Bureau along with the appropriate fee as provided in Section 94930.5(c) of the Code. An application under this section shall be signed by all signatories to the initial application, or the last approved application under this section, as well as the persons required to sign an application pursuant to section 71380 for institutions approved under section 94885 of the code and section 71390 for institutions approved under section 94890 of the code. Each signature shall be dated, and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

_____.
(Date) (Signature)"

(b) An application for a change in ownership or control shall identify the name, title, address, e-mail address and telephone number of each new person required to be listed pursuant to section 71130 in an application, as well as the persons previously listed pursuant to section 71130 that will no longer have ownership or control. For each proposed person listed, the application shall include the information required pursuant to section 71130(b), (c), and (d).

(c) An application for a change in the form of business organization of the institution shall identify the approved organization as well as the proposed organization. If the proposed organization is incorporated, the application shall also identify the state within which the proposed organization is incorporated and the date of incorporation, along with copies of the articles of incorporation and bylaws. To the extent that a change in the form of business organization represents a change in ownership or control, the application shall include the information required by subdivision (b) of this section.

(d) In addition to the above required information, each application under this section shall include:

(1) The name, address, telephone number, fax number, and school code of the institution;

(2) The reason for the proposed change;

(3) The impact of the change on the financial resources of the institution, including the institution's ability to comply with section 71745;

(4) A description of the planned administrative relationship between the persons previously approved and the proposed owners or persons in control, including the nature and extent of the supervision by the chief academic officer, chief operating officer, chief executive officer, and administrators; and

(5) Any additional information required by the Bureau pursuant to section 71340 of this Chapter; and

(6) The name, address, email address, telephone number and fax number of the contact person for this application.

(e) An institution that has been granted an approval to operate by means of accreditation shall notify the Bureau of the substantive change within 30 days of that change on the Change of Business Organization/Control/ Ownership form, by completing section (d)(1) and (d)(6) and shall attach certification from the institution's accreditation agency demonstrating that the substantive change was made in accordance with the institution's accreditation standards, and complies with the Act and this Division.

Note: Authority cited: Sections 94803 and 94895, Education Code. Reference: Sections 94821, 94822, 94823, 94893, 94894, 94895, 94896 and 94930.5, Education Code.

71650. Application for a Change in Educational Objectives

(a) An institution seeking to change its educational objectives shall complete the "Change in Educational Objectives" form (OBJ rev. 2/10) to obtain prior authorization. The form shall be submitted to the Bureau along with the appropriate fee as provided in Section 94930.5(c) of the Code. For an institution approved under section 94885 of the Code it shall be signed and dated by the signatory(ies) required by section

71380, and for an institution approved under section 94890 of the Code it shall be signed and dated by the signatory(ies) required by section 71390, and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, in the following form:

"I declare under penalty of perjury under the laws of the State of California that the foregoing and all attachments are true and correct.

_____.
(Date) (Signature)"

(b) "Unrelated to the approved educational programs" as used in section 94894(a) of the Code includes the addition of a degree program where no degree at that level was previously approved, whether or not the proposed program would offer a degree in the same subject area as a previously approved non-degree program or lower level degree; and a program leading to licensure whether or not the proposed program is in the same subject area as a previously approved program that did not lead to licensure.

(c) The application shall establish that the institution, including any branch, can meet the minimum operating standards contained in Chapter 3, and shall include:

- (1) The name, school code, address, website address, and telephone and fax numbers of the institution;
- (2) The reasons for changing the educational objectives, and how the proposed change helps to further the institution's mission and objectives;
- (3) When the institution proposes to change the educational objectives;
- (4) The impact of the change on the financial resources of the institution, including the institution's ability to comply with section 71745;
- (5) A description of the facility and equipment, as required by section 71260, required for the change;
- (6) For addition of a new program, all information required by sections 71210 and 71220;
- (7) If the application is for a change to an existing program, a description of the differences between any programs approved and the proposed programs, including differences in admissions standards, degree requirements, curricula, and standards for student achievement;
- (8) A statement that the institution has contracted with duly qualified faculty that meet the requirements of section 71720;
- (9) A description of library and other learning resources, as required by Section 71270, required for the proposed change;
- (10) The name, address, email address, and telephone and fax numbers of the institution's contact person for the purpose of this application; and
- (11) Any additional information required by the Bureau pursuant to section 71340.

(d) An institution that has been granted an approval to operate by means of accreditation shall notify the Bureau of the substantive change within 30 days of that change on the Change in Educational Objectives form, by providing the information required by (c)(1) and (c)(10), and shall attach certification from the

institution's accreditation agency demonstrating that the substantive change was made in accordance with the institution's accreditation standards, and complies with the Act and this Division.

Note: Authority cited: Sections 94803 and 94895, Education Code. Reference: Sections 94823.5, 94893, 94894, 94895, 94896 and 94930.5, Education Code.

71655. Time for Filing an Application for a Substantive Change; Processing of an Application for a Substantive Change; Denials

(a) An institution that made a substantive change as defined in section 94894 of the Code between July 1, 2007, and December 31, 2009, may continue to operate, but shall comply with, and is subject to, the Code and this Division, and shall submit an application for a substantive change to an approval to operate to the Bureau pursuant to this article within six months of that application becoming available.

(b) An incomplete application filed under this Article will render it ineligible for processing, or subject to denial.

(c) The inclusion of false or misleading information, or the intentional or negligent omission of pertinent information, on any application may result in a denial of the application or a delay in processing, and may be grounds for action pursuant to Article 18 of the Act.

(d) In addition to the grounds stated in subdivisions (a) and (b) of this section, the Bureau may deny an application on the following grounds:

(1) failure to establish that the proposed change will meet the institutional operating standards set forth in Chapter 3 of this Division; or

(2) any act or failure to act that would constitute grounds for revocation.

(e) An applicant denied an approval for a substantive change to its approval to operate under this Article, may reapply or may request an informal hearing before the Director.

Note: Authority cited: Sections 94803 and 94895, Education Code. Reference: Sections 94821, 94822, 94823, 94893, 94894, 94895, 94896 and 94930.5, Education Code; Section 11445.20, Government Code.

71660. Notification of Non-Substantive Changes

An institution shall notify the Bureau of a non-substantive change including: change of location of less than 10 miles; addition of a program related to the approved programs offered by the institution; addition of a new branch five miles or less from the main or branch campus; addition of a satellite; and change of mailing address. All such notifications shall be made within 30 days of the change and sent to the Bureau, in writing, to the address listed in section 70020.

Note: Authority cited: Sections 94803 and 94885, Education Code. Reference: Sections 94823.5, 94893, 94894, 94895 and 94896, Education Code.

Chapter 3. Institutional Operating Standards

Article 1. Minimum Operating Standards

71700. Applicability of Standards

The Bureau may request that an institution document compliance with the standards set forth in the Act and this Division to obtain and maintain an approval to operate.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Sections 94885, 94887, 94888 and 94932, Education Code.

71705. Mission and Objectives

An institution shall have a written statement of its mission and the objectives for each educational program. The mission and the objectives shall indicate the kind of education offered, for whom the instruction is intended and the expected outcomes for graduates.

Note: Authority cited: Sections 94803, 94885 and 94877, Education Code. Reference: Section 94885, Education Code.

71710. Educational Program

In order to meet its mission and objectives, the educational program defined in section 94837 of the Code shall be comprised of a curriculum that includes:

- (a) those subject areas that are necessary for a student to achieve the educational objectives of the educational program in which the student is enrolled;
- (b) subject areas and courses or modules that are presented in a logically organized manner or sequence to students;
- (c) course or module materials that are designed or organized by duly qualified faculty. For each course or module, each student shall be provided with a syllabus or course outline that contains:
 - (1) a short, descriptive title of the educational program;
 - (2) a statement of educational objectives;
 - (3) length of the educational program;
 - (4) sequence and frequency of lessons or class sessions;
 - (5) complete citations of textbooks and other required written materials;
 - (6) sequential and detailed outline of subject matter to be addressed or a list of skills to be learned and how those skills are to be measured;
 - (7) instructional mode or methods.
- (d) if degree granting, require research of an appropriate degree that utilizes a library and other learning resources;
- (e) specific learning outcomes tied to the sequence of the presentation of the material to measure the students' learning of the material; and
- (f) evaluation by duly qualified faculty of those learning outcomes.

Note: Authority cited: Sections 94803, 94885 and 94877, Education Code. Reference: Sections 94837 and 94885, Education Code.

71715. Instruction

- (a) Instruction shall be the central focus of the resources and services of the institution.
- (b) The institution shall document that the instruction offered leads to the achievement of the learning objectives of each course.
- (c) Direct instruction requires the physical presence of one or more students and one or more faculty members at the same location. Direct instruction includes instruction presented in a classroom, seminar, workshop, lecture, colloquium, laboratory, tutorial, or other physical learning settings consistent with the mission, purposes, and objectives of the institution.
- (d) Distance education as defined in section 94834 of the Code, does not require the physical presence of students and faculty at the same location but provides for interaction between students and faculty by such means as telecommunication, correspondence, electronic and computer augmented educational services, postal service, and facsimile transmission. In addition to the other requirements of this chapter and the Act, an institution offering distance education shall:
 - (1) ensure that the educational program offered through distance education is appropriate for delivery through distance education methods;
 - (2) assess each student, prior to admission, in order to determine whether each student has the skills and competencies to succeed in a distance education environment;
 - (3) ensure that the materials and programs are current, well organized, designed by faculty competent in distance education techniques and delivered using readily available, reliable technology;
 - (4) provide for meaningful interaction with faculty who are qualified to teach using distance education methods;
 - (5) maintain clear standards for satisfactory academic progress;
 - (6) timely complete student evaluations of learning outcomes by duly qualified faculty, which are appropriate for use with the distance education methods used, and evaluated by duly qualified faculty.
 - (7) employ a sufficient number of faculty to assure that (A) the institution's response to, or evaluation of, each student lesson is returned to the student within 10 days after the lesson is received by the institution; and (B) the institution's response to, or evaluation of, each student project or dissertation is returned to the student within the time disclosed in the catalog; and
 - (8) shall maintain a record of the dates on which lessons, projects, and dissertations were received and responses were returned to each student.

Note: Authority cited: Sections 94803, 94885 and 94887, Education Code. Reference: Sections 94834 and 94885, Education Code.

71716. Distance Educational Programs - Specific Provisions for Instruction Not in Real Time

- (a) An institution offering a distance educational program where the instruction is not offered in real time shall transmit the first lesson and any materials to any student within seven days after the institution

accepts the student for admission.

(b) The student shall have the right to cancel the agreement and receive a full refund pursuant to section 71750 before the first lesson and materials are received. Cancellation is effective on the date written notice of cancellation is sent. The institution shall make the refund pursuant to section 71750. If the institution sent the first lesson and materials before an effective cancellation notice was received, the institution shall make a refund within 45 days after the student's return of the materials.

(c)(1) An institution shall transmit all of the lessons and other materials to the student if the student: (A) has fully paid for the educational program; and (B) after having received the first lesson and initial materials, requests in writing that all of the material be sent.

(2) If an institution transmits the balance of the material as the student requests, the institution shall remain obligated to provide the other educational services it agreed to provide, such as responses to student inquiries, student and faculty interaction, and evaluation and comment on lessons submitted by the student, but shall not be obligated to pay any refund after all of the lessons and material are transmitted.

(d) The enrollment agreement shall disclose the institution's and student's rights and duties under this section.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Section 94885, Education Code.

71717. Satellite Locations

(a) An institution offering instruction at a satellite location as defined by section 94862 of the Code shall only offer instruction for educational programs that are approved for the main campus or a branch.

(b) The institution shall not maintain any permanent student records there.

(c) No solicitation or enrollment of students shall occur at a satellite.

(d) Advertising indicating the location of a satellite shall indicate the nature of the classroom.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Sections 94862 and 94885, Education Code.

71720. Faculty

(a) An Educational Program Leading to a Degree.

(1) An institution offering an educational program that leads to a degree shall employ duly qualified faculty sufficient in number to provide the instruction, student advisement, and learning outcomes evaluation necessary for the institution to document its achievement of its stated mission and objectives, and for students to achieve the specific learning objectives of each course offered;

(2) Each institution shall develop and implement written policies and procedures providing for the participation by duly qualified faculty in the conducting of research, development of curricula, academic planning, enforcement of standards of academic quality, pursuit of academic matters related to the institution's mission and objectives, establishment of criteria for contracting with new faculty, and evaluation of faculty credentials;

(3) In determining the number of faculty sufficient to satisfy subdivision (a)(1) of this section and to implement the policies established pursuant to subdivision (a)(2) of this section, the institution shall base its faculty requirements on all of the following factors:

(A) The educational level and number of students;

(B) The number of hours needed for direct interaction between students and faculty per course, quarter, semester, or other term;

(C) The number of hours needed to be spent on evaluating written materials prepared by students, such as distance education, papers, and examinations, per course, quarter, semester, or other term;

(D) The number of group meetings per course, quarter, semester, or other term;

(E) The faculty duties established by the institution as required under subdivision (a)(2) of this section; and

(F) The number of hours per week or units per term considered full-time for faculty in the institution.

(4) The faculty shall have sufficient expertise to support the institution's awarding of a degree identifying a specialty or major field of emphasis, demonstrated by, at a minimum:

(A) That the person possesses one of the following:

1. a degree from: an institution approved by the Bureau or previously approved by a predecessor agency of the Bureau; or an accredited institution in the United States or Canada; or other state approved institution that documents that the institution at which the faculty member earned his or her degree is equivalent to an institution that is approved by the Bureau; or an institution outside the United States or Canada and in addition provides a comprehensive evaluation of the degree performed by a foreign credential evaluation service that is a member of the National Association of Credential Evaluation Services (NACES).

2. a credential generally recognized in the field of instruction.

(B) The degree, professional license, or credential possessed by the person shall be at least equivalent to the level of instruction being taught or evaluated;

(5) The institution's faculty as a whole shall possess a diverse educational background which shall be demonstrated in part by earned degrees from a variety of colleges and universities or by credentials generally recognized in the field of instruction;

(6) When contracting for educational services, the institution shall maintain control of, and responsibility for, all academic matters, and shall assure that the instruction and faculty satisfy the standards established by the Act and this chapter;

(7) The institution shall not employ or continue to employ any faculty who were adjudicated in a judicial or administrative proceeding as having violated any provision of the Act or this chapter or as having committed any act that would constitute grounds for the denial of a license under Section 480 of the Business and Professions Code;

(8) Each institution shall have a written Academic Freedom Policy which describes the latitude the institution allows faculty in the classroom so faculty will not inadvertently violate the principles of academic freedom. These policies shall be made available to any person upon request. The institution shall not take adverse action based on a staff member's exercise of academic freedom consistent with the institution's policy; and

(9) The institution shall maintain records documenting that each faculty member is duly qualified and was qualified to perform the duties to which the faculty member was assigned, including providing instruction, evaluating learning outcomes, evaluating graduate dissertations, theses, and student projects, and participating on doctoral committees.

(b) Instructors in an Educational Program Not Leading to a Degree.

(1) An institution shall employ instructors who possess the academic, experiential and professional qualifications to teach, including a minimum of three years of experience, education and training in current practices of the subject area they are teaching. If an instructor does not possess the required three years of experience, education and training in the subject area they are teaching, the institution shall document the qualifications the instructor possesses that are equivalent to the minimum qualifications.

(2) Each instructor shall maintain their knowledge by completing continuing education courses in his or her subject area, classroom management or other courses related to teaching.

(3) The institution shall not employ or continue to employ an instructor who was adjudicated in a judicial or administrative proceeding as having violated any provision of the Act or this chapter, or as having committed any act that would constitute grounds for the denial of a license under Section 480 of the Business and Professions Code.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Section 94885, Education Code; and Section 480, Business and Professions Code.

71730. Administration

(a) Each institution shall have a chief executive officer, a chief operating officer and chief academic officer. One person may serve more than one function.

(b) The duties, responsibilities, and performance evaluation criteria for each administrator shall be set forth in a personnel manual or other writing maintained by the institution.

(c) An institution with one or more branch locations shall establish written institutional policies, consistent with subdivision (d), regarding the division and sharing of administrative responsibilities between the central administration at the main location and the administration at the branch locations.

(d) The administrative staffing at each branch location shall reflect the purposes, size, and educational operations at that location and at any satellite location for which the branch has administrative responsibilities.

(e) The chief academic officer shall possess a degree or equivalent acceptable experience at least equal to the highest qualifications required of the institution's faculty. Chief academic officers employed on the date of implementation of these regulations, who do not meet the qualifications for their positions, shall have three years to earn the necessary degrees or experience to qualify them for their position.

(f) The institution shall employ administrative personnel who have the expertise to ensure the achievement of the institution's mission and objectives and the operation of the educational programs.

(g) The institution shall not employ or continue to employ any administrative personnel who were adjudicated in a judicial or administrative proceeding as having violated any provision of the Act or this chapter or as having committed any act that would constitute grounds for the denial of a license under Section 480 of the Business and Professions Code.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Section 94885, Education Code; and Section 480, Business and Professions Code.

71735. Facilities and Equipment

(a) An institution shall have sufficient facilities and necessary equipment to support the achievement of the educational objectives of all of the courses and educational programs in which students are enrolled. If an institution represents that the educational service will fit or prepare a student for employment in a particular occupation or as described in particular job titles, either of the following conditions shall be met:

(1) The equipment used for instruction or provided to the student shall be comparable in model type or features to equipment generally used in those occupations or job titles at the time the instruction is offered.

(2) The institution shall establish that the equipment used for instruction or provided to a student is not obsolete and is sufficient for instructional purposes to reasonably assure that a student acquires the necessary level of education, training, skill, and experience to obtain employment in the field of training and to perform the tasks associated with the occupation or job title to which the educational program was represented to lead.

(b) An institution's facilities, including heating and cooling, ventilation, lighting, classrooms, laboratories, and campus environs, shall be well-maintained. The institution shall maintain all valid permits required by any public agencies relating to the health and safety of the institution's facilities and equipment on file, and such permits shall be available to the Bureau upon request.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Section 94885, Education Code.

71740. Library and Other Learning Resources

(a) A degree granting institution shall make available for student use a library and other learning resources.

(b) An institution shall provide or make provisions for the library and other learning resources needed to support each educational program it offers, including resources such as reference works, periodicals, monographs, and media and equipment specific to the educational programs offered.

(c) An institution shall describe onsite library and other learning resources, if any, that enable students to pursue inquiries, searches for information and documentation, and assignments connected with their study programs.

(d) An institution that depends for library and other learning resources primarily on other institutions' collections and resources not in its possession shall do all of the following:

- (1) Describe those library and other learning resources, in the application and catalog.
- (2) Provide students and faculty with access to the regular services of a professional librarian or information specialist experienced in the electronic retrieval of information, who shall provide support for faculty in curriculum matters and actively serve as a resource guide for both graduate and undergraduate students.
- (3) Assure that students have access to the library collections and resources of another institution, organization, or library.
- (4) Document compliance with paragraphs (1), (2), and (3).

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Section 94885, Education Code.

71745. Financial Resources

(a) The institution shall document that it has at all times sufficient assets and financial resources to do all of the following:

- (1) Provide all of the educational programs that the institution represented it would provide.
 - (2) Ensure that all students admitted to its educational programs have a reasonable opportunity to complete the programs and obtain their degrees or diplomas.
 - (3) Maintain the minimum standards required by the Act and this chapter.
 - (4) Pay timely refunds as required by Article 13 of the Act.
 - (5) Pay all operating expenses due within 30 days.
 - (6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year when using generally accepted accounting principles, or for an institution participating in Title IV of the federal Higher Education Act of 1965, meet the composite score requirements of the U.S. Department of Education. For the purposes of this section, current assets does not include: intangible assets, including goodwill, going concern value, organization expense, startup costs, long-term prepayment of deferred charges, and non-returnable deposits, or state or federal grant or loan funds that are not the property of the institution but are held for future disbursement for the benefit of students. Unearned tuition shall be accounted for in accordance with general accepted accounting principles.
- (b) At an institution's request, the Bureau may consider the financial resources of a parent company if the parent company, as defined by section 94853 of the Code, meets and maintains all of the following provisions:
- (1) consents in writing to be sued in California;
 - (2) consents in writing to be subject to the jurisdiction of the Bureau with respect to the institution's regulation under the Act and this Chapter;
 - (3) designates and maintains an agent for service of process, consistent with section 74190;

(4) agrees in writing to pay any refund, claim, penalty, or judgment that the institution is obligated to pay; and

(5) files financial reports, maintains financial records, and consents in writing to permit the inspection and copying of financial records to the same extent as is required of the institution.

(c) An institution shall provide to the Bureau its most current financial statements upon request.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Section 94885, Education Code.

71750. Withdrawals and Refunds

(a) Every institution shall make refunds that are no less than the refunds required under the Act and this Division.

(b) An institution may not enforce any refund policy that is not specified in the catalog as required pursuant to section 94909(a)(8)(B) of the Code, and must refund all institutional charges upon a student's withdrawal. Withdrawal policy procedures pursuant to section 94909(a)(8)(B) of the Code shall include, at a minimum: the acceptable methods of delivery of a notice to withdraw; whether withdrawal can be accomplished by conduct, and if so, how; the position or positions to whom the notice to withdraw must be delivered; and the date that the notice to withdraw is considered effective, which shall be no later than the date received by the institution.

(c) A pro rata refund pursuant to section 94919(c) or 94920(d) or 94927 of the Code shall be no less than the total amount owed by the student for the portion of the educational program provided subtracted from the amount paid by the student, calculated as follows:

(1) The amount owed equals the daily charge for the program (total institutional charge, divided by the number of days or hours in the program), multiplied by the number of days student attended, or was scheduled to attend, prior to withdrawal.

(2) Except as provided for in subdivision (a)(3) of this section, all amounts paid by the student in excess of what is owed as calculated in subdivision (a)(1) shall be refunded.

(3) Except as provided herein, all amounts that the student has paid shall be subject to refund unless the enrollment agreement and the refund policy outlined in the catalog specify amounts paid for an application fee or deposit not more than \$250.00, books, supplies, or equipment, and specify whether and under what circumstances those amounts are non-refundable. Except when an institution provides a 100% refund pursuant to section 94919(d) or section 94920(b) of the Code, any assessment paid pursuant to section 94923 of the Code is non-refundable.

(4) For purposes of determining a refund under the Act and this section, a student shall be considered to have withdrawn from an educational program when he or she withdraws or is deemed withdrawn in accordance with the withdrawal policy stated in its catalog.

(d) If an institution has collected money from a student for transmittal on the student's behalf to a third party for a bond, library usage, or fees for a license, application, or examination and the institution has not paid the money to the third party at the time of the student's withdrawal or cancellation, the institution shall refund the money to the student within 45 days of the student's withdrawal or cancellation.

(e) An institution shall refund any credit balance on the student's account within 45 days after the date of

the student's completion of, or withdrawal from, the educational program in which the student was enrolled. For purposes of this subdivision and section 94919(d) of the Code, "day" means calendar day.

(f) The institution shall maintain a cancellation and withdrawal log, kept current on a monthly basis, which shall include the names, addresses, telephone numbers, and dates of cancellations or withdrawal of all students who have cancelled the enrollment agreement with, or withdrawn from, the institution during the calendar year.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Sections 94885, 94919 and 94920, Education Code.

71760. Self-Monitoring Procedures

Each institution shall develop and maintain adequate procedures used by the institution to assure that it is maintained and operated in compliance with the Act and this Division.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Sections 94885, 94887 and 94888, Education Code.

Article 2. Admissions and Academic Achievement Standards

71770. Admissions Standards and Transferred Credits Policy

(a) The institution shall establish specific written standards for student admissions for each educational program. These standards shall be related to the particular educational program. An institution shall not admit any student who is obviously unqualified or who does not appear to have a reasonable prospect of completing the program. In addition to any specific standards for an educational program, the admissions standards must specify as applicable that:

(1) Each student admitted to an undergraduate degree program, or a diploma program, shall possess a high school diploma or its equivalent, or otherwise successfully take and pass the relevant examination as required by section 94904 of the Code.

(2) Each student admitted into a post-baccalaureate degree program shall possess a bachelor's degree or its equivalent. If a graduate program leads to a profession or an occupation requiring state licensure and the licensing agency does not require that a member of the profession or occupation possess a Bachelor's degree or its equivalent, this subdivision does not apply.

(b) The institution shall specify the maximum credit it will transfer from another institution for each educational program, and the basis upon which the transferred credit will be awarded.

(1) Except as limited by subdivision (c) of this section, a maximum of 75 percent of the units or credit that may be applied toward the award of a bachelor's degree may be derived from a combination of any or both of the following:

(A) Units earned at institutions approved by the Bureau, public or private institutions of higher learning accredited by an accrediting association recognized by the U. S. Department of Education, or any institution of higher learning, including foreign institutions, if the institution offering the undergraduate program documents that the institution of higher learning at which the units were earned offers degree programs equivalent to degree programs approved by the Bureau or accredited by an accrediting association recognized by the U.S. Department of Education;

(B) Challenge examinations and standardized tests such as the College Level Placement Tests (CLEP) for specific academic disciplines.

(2) No more than 20% of graduate semester units or the equivalent in other units awarded by another institution may be transferred for credit toward a Master's degree. An institution may accept transfer credits only from the institutions of higher learning described in subsection (1)(A).

(3) No more than 30 graduate semester credits or its equivalent awarded by another institution may be credited toward a doctoral degree. This subdivision does not apply to graduate programs that lead to a profession or an occupation requiring state licensure where the licensing agency has a regulation permitting a different standard.

(c) If credit for prior experiential learning is to be granted, the policy for granting such credit shall be included in the institution's catalog.

(1) An institution may grant credit to a student for prior experiential learning only if:

(A) The prior learning is equivalent to a college or university level of learning;

(B) The learning experience demonstrates a balance between theory and practice and;

(C) The credit awarded for the prior learning experience directly relates to the student's degree program and is applied in satisfaction of some of the degree requirements.

(2) Each college or university level learning experience for which credit is sought shall be documented by the student in writing.

(3) Each college or university level learning experience shall be evaluated by faculty qualified in that specific subject area who shall ascertain (1) to what college or university level learning the student's prior experience is equivalent and (2) how many credits toward a degree may be granted for that experience.

(4) The faculty evaluating the prior learning shall prepare a written report indicating all of the following:

(A) The documents in the student's record on which the faculty member relied in determining the nature of the student's prior experience;

(B) The bases for determining that the prior experience (i) is equivalent to college or university level learning and (ii) demonstrates a balance between theory and practice; and

(C) The bases for determining (i) to what college or university level the experience is equivalent and (ii) the proper number of credits to be awarded toward the degree for that experience.

(5)(A) The institution shall designate at least one administrator to be responsible for the review of faculty determinations regarding the award of credit for prior experiential learning.

(B) The administrator shall document the institution's periodic review of faculty evaluations to assure that the faculty written evaluations and awards of credit comply with this section and the institution's policies and are consistent.

(6) The amount of credit awarded for prior experiential learning shall not be related to the amount charged the student for the assessment process.

(7)(A) Of the first 60 semester credits awarded a student in an undergraduate program, no more than 15 semester credits may be awarded for prior experiential learning.

(B) Of the second 60 semester units (i.e., credits 61 to 120) awarded a student in an undergraduate program, no more than 15 semester credits may be awarded for prior experiential learning.

(C) Of the first 30 semester credits awarded a student in a graduate program, no more than 6 semester credits may be awarded for prior experiential learning.

(D) Of the second 30 semester credits (i.e., credits 31 to 60) awarded a student in a graduate program, no more than 3 semester credits may be awarded for prior experiential learning.

(E) No credit for experiential learning may be awarded after a student has obtained 60 semester credits in a graduate program.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Sections 94885 and 94909, Education Code.

71800. Enrollment Agreement

In addition to the requirements of section 94911 of the Code, an institution shall provide to each student an enrollment agreement that contains at the least the following information:

(a) The name and address of the institution and the addresses where instruction will be provided.

(b) Period covered by the enrollment agreement.

(c) Program start date and scheduled completion date.

(d) Date by which the student must exercise his or her right to cancel or withdraw, and the refund policy, including any alternative method of calculation if approved by the Bureau pursuant to section 94921 of the Code.

(e) Itemization of all institutional charges and fees including, as applicable:

(1) tuition;

(2) registration fee (non-refundable);

(3) equipment;

(4) lab supplies or kits;

(5) Textbooks, or other learning media;

(6) uniforms or other special protective clothing;

(7) in-resident housing;

(8) tutoring;

(9) assessment fees for transfer of credits;

(10) fees to transfer credits;

(11) Student Tuition Recovery Fund fee (non-refundable);

(12) any other institutional charge or fee.

(f) Charges paid to an entity other than an institution that is specifically required for participation in the educational program.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Sections 94885, 94902, 94906, 94911 and 94927, Education Code.

71810. Catalog

(a) Each institution shall provide a catalog pursuant to section 94909 of the Code, which shall be updated annually. Annual updates may be made by the use of supplements or inserts accompanying the catalog. If changes in educational programs, educational services, procedures, or policies required to be included in the catalog by statute or regulation are implemented before the issuance of the annually updated catalog, those changes shall be reflected at the time they are made in supplements or inserts accompanying the catalog.

(b) The catalog shall contain the information prescribed by Section 94909 of the Code and all of the following:

(1) The specific beginning and ending dates defining the time period covered by the catalog;

(2) A statement of the institution's missions and purposes and the objectives underlying each of its educational programs;

(3) If the institution admits students from other countries, whether visa services are provided or whether the institution will vouch for student status, and any associated charges;

(4) Language proficiency information, including: (A) the level of English language proficiency required of students and the kind of documentation of proficiency, such as the Test of English as a Foreign Language (TOEFL), that will be accepted; and (B) whether English language services, including instruction such as ESL, are provided and, if so, the nature of the service and its cost;

(5) Whether any instruction will occur in a language other than English and, if so, the level of proficiency required and the kind of documentation of proficiency, such as the United States Foreign Service Language Rating System, that will be accepted;

(6) The institution's policies and practices regarding any form of financial aid, including all consumer information which the institution is required to disclose to the student under any state or federal financial aid program;

(7) The institution's policies and procedures for the award of credit for prior experiential learning, including assessment policies and procedures, provisions for appeal, and all charges that a student may be required to pay;

- (8) The institution's standards for student achievement;
- (9) A description of the facilities and of the types of equipment and materials that will be used for instruction;
- (10) A description of library and other learning resources and the procedures for student access to those resources;
- (11) If the institution offers distance education, the approximate number of days that will elapse between the institution's receipt of student lessons, projects, or dissertations and the institution's mailing of its response or evaluation.
- (12) A description of all student services;
- (13) Housing information including all of the following:
 - (A) Whether the institution has dormitory facilities under its control;
 - (B) The availability of housing located reasonably near the institution's facilities and an estimation of the approximate cost or range of cost of the housing; and
 - (C) If the institution has no responsibility to find or assist a student in finding housing, a clear and conspicuous statement so indicating. A statement that the program is "non- residential" does not satisfy this subparagraph.
- (14) Policies on student rights, including the procedure for addressing student grievances; and
- (15) Policies on the retention of student records.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Sections 94885 and 94909, Education Code.

71850. Minimum Educational Requirements in Order to Award an Undergraduate Degree

Graduation requirements for an undergraduate degree program shall meet minimum credit requirements and shall include provisions for general education appropriate to the level and type of degree. The institution shall specify the distribution of general education credit requirements by subject area for each undergraduate degree program.

(a) A Bachelor's degree may be awarded to a student whom the institution can document has achieved sequential learning equivalent in general education and equivalent in depth of achievement in a designated major field to that acquired in four years of study beyond high school, as measured by a minimum of 120 semester credits or its equivalent. At least 25 percent of the credit requirements for a Bachelor's degree shall be in general education.

(b) An Associate degree may be awarded only to a student whom the institution can document has achieved sequential learning equivalent to that acquired in two years of study beyond high school, as measured by a minimum of 60 semester credits or its equivalent. Except as provided in subdivision (c) of this section, at least 25 percent of the credit requirements for an Associate degree shall be in general education.

(c) The Specialized Associate degree (Occupational) or the Associate of Applied Science degree may be awarded only to a student who completes at least the learning outcomes equivalent to a minimum of 60 semester credits or the equivalent. A minimum of seventy-five percent of the credits shall be in the occupational area for which training is offered. The general education offered as part of a Specialized Associate degree (Occupational) or an Associate of Applied Science degree program shall be such as is necessary for a student to achieve the educational objectives of the program in which the student is enrolled. General education shall be at the same level of quality as that taught in approved Bachelor's or Associate degree programs.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Section 94885, Education Code.

71865. Minimum Educational Requirements in Order to Award a Graduate Degree

(a) A Master's degree may only be awarded to a student who demonstrates at least the achievement of learning in a designated major field that is equivalent in depth to that normally acquired in a minimum of 30 semester credits or its equivalent or one year of study beyond the Bachelor's degree.

(b) A professional Doctoral degree may only be awarded to a student who has completed a prescribed level of study normally requiring a minimum of three academic years of full-time graduate study or the equivalent in part-time study; or, if the program leads to a profession or occupation requiring state licensure, which satisfies the requirements of the state agency. The degree shall include the name of the field in which it is offered (e.g., Juris Doctor or Doctor of Music).

(c)(1) A Doctor of Philosophy degree (Ph.D.) is a research-oriented degree requiring a minimum of three years of full-time graduate education or the equivalent in part-time study. Such a doctoral program shall include substantial instruction in both theory and research at an advanced level in a designated field and specialty, and may only be awarded to a student who has completed a program of study that includes research methodology and demonstrated learning achievement through original research directly attributable to the student. Each educational program leading to a Doctor of Philosophy degree shall involve preparation for scholarship and systematic inquiry.

(2)(A) Each Doctor of Philosophy program shall include a minimum of two formal evaluations of the student by a doctoral committee. The doctoral committee shall be composed of at least three members of the institution's own faculty who meet the qualifications in subdivision (c)(3).

(B) The first evaluation shall consider the student's qualifications, including the student's knowledge, skills, and conceptual framework, for undertaking rigorous inquiry into the student's designated field.

(C) The second evaluation shall consider the design procedures and products of a formal original inquiry proposed and completed by the student.

(3) The faculty members who serve on each student's doctoral examining committee shall meet the following qualifications:

(A) Each member shall have earned a Doctoral degree from: an institution that is approved by the Bureau or previously approved by a predecessor agency of the Bureau; or an accredited institution in the United States or Canada; or other state approved institution that documents that the institution at which the faculty member earned his or her degree is equivalent to an institution that is approved by the Bureau; or an institution outside the United States or Canada and in addition provides a comprehensive evaluation of the degree performed by a foreign credential evaluation service that is a member of the National Association of Credential Evaluation Services (NACES).

(B) The chair and the majority of the committee shall have earned degrees related to the student's field of investigation.

(C) A minimum of 50% of the faculty on the committee shall have degrees conferred by an institution accredited by an accrediting association recognized by the United States Department of Education or the American Bar Association, unless the accreditation does not exist.

(D) All of the faculty shall have three or more years of field or research experience related to their degrees obtained after they obtained their degrees.

(E) All of the faculty shall have been active in their field of scholarship or profession during the five year period preceding their participation on the committee.

(4) The formal evaluation procedures shall provide the committee as a whole with the opportunity to jointly examine the candidate.

(5) If the candidate is not physically present and the evaluation must take place by telephone or other means of electronic communication, one of the following shall apply:

(A) One faculty member on the student's doctoral committee from the main location (i.e., the state in which the program is licensed or otherwise officially approved) must be present at the location where the doctoral student is examined.

(B) A proctor, selected and approved by the doctoral committee, shall sit as an observer with the student at the distant location and verify, under penalty of perjury under the laws of the State of California, the identity of the student and the facts that the student received no prompting by anyone and did not have access to unallowed materials during the evaluation process.

(6) If a project includes more than one student, the individual student's role and contributions shall be clearly identified and documented.

(7) The institution shall maintain a written record of the evaluations. This record shall include the names and signatures of all committee members who participated in the evaluations.

(d) No more than 25 percent of the credits required for graduate degree programs may be awarded for a final product such as a thesis, dissertation, or product.

(e) Dissertations, theses and other products submitted by a student as part of a graduate program shall be signed by all faculty members recommending the student for an award of a degree.

Note: Authority cited: Sections 94803, 94877 and 94885, Education Code. Reference: Section 94885, Education Code.

71920. Student Records

(a) The institution shall maintain a file for each student who enrolls in the institution whether or not the student completes the educational service.

(b) In addition to the requirements of section 94900, the file shall contain all of the following pertinent student records:

(1) Written records and transcripts of any formal education or training, testing, or experience that are relevant to the student's qualifications for admission to the institution or the institution's award of credit or acceptance of transfer credits including the following:

(A) Verification of high school completion or equivalency or other documentation establishing the student's ability to do college level work, such as successful completion of an ability-to-benefit test;

(B) Records documenting units of credit earned at other institutions that have been accepted and applied by the institution as transfer credits toward the student's completion of an educational program;

(C) Grades or findings from any examination of academic ability or educational achievement used for admission or college placement purposes;

(D) All of the documents evidencing a student's prior experiential learning upon which the institution and the faculty base the award of any credit;

(2) Personal information regarding a student's age, gender, and ethnicity if that information has been voluntarily supplied by the student;

(3) Copies of all documents signed by the student, including contracts, instruments of indebtedness, and documents relating to financial aid;

(4) Records of the dates of enrollment and, if applicable, withdrawal from the institution, leaves of absence, and graduation; and

(5) In addition to the requirements of section 94900(b) of the Code, a transcript showing all of the following:

(A) The courses or other educational programs that were completed, or were attempted but not completed, and the dates of completion or withdrawal;

(B) Credit awarded for prior experiential learning, including the course title for which credit was awarded and the amount of credit;

(C) Credit for courses earned at other institutions;

(D) Credit based on any examination of academic ability or educational achievement used for admission or college placement purposes;

(E) The name, address, website address, and telephone number of the institution.

(6) For independent study courses, course outlines or learning contracts signed by the faculty and administrators who approved the course;

(7) The dissertations, theses, and other student projects submitted by graduate students;

(8) A copy of documents relating to student financial aid that are required to be maintained by law or by a loan guarantee agency;

- (9) A document showing the total amount of money received from or on behalf of the student and the date or dates on which the money was received;
- (10) A document specifying the amount of a refund, including the amount refunded for tuition and the amount for other itemized charges, the method of calculating the refund, the date the refund was made, and the name and address of the person or entity to which the refund was sent;
- (11) Copies of any official advisory notices or warnings regarding the student's progress; and
- (12) Complaints received from the student.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94885, 94900 and 94927.5, Education Code.

71930. Maintenance of Records

- (a) An institution shall maintain all records required by the Act and this chapter. The records shall be maintained in this state.
 - (b)(1) In addition to permanently retaining a transcript as required by section 94900(b) of the Code, the institution shall maintain for a period of 5 years the pertinent student records described in Section 71920 from the student's date of completion or withdrawal.
 - (2) Notwithstanding (b)(1), the institution shall maintain records relating to federal financial aid programs as provided by federal law.
- (c) A record is considered current for three years following a student's completion or withdrawal. A record may be stored on microfilm, microfiche, computer disk, or any other method of record storage only if all of the following apply:
 - (1) The record may be stored without loss of information or legibility for the period within which the record is required to be maintained by the Act;
 - (2) For a record that is current, the institution maintains functioning devices that can immediately reproduce exact, legible printed copies of stored records. The devices shall be maintained in reasonably close proximity to the stored records at the institution's primary administrative location in California. For a record that is no longer current, the institution shall be able to reproduce exact, legible printed copies within two (2) business days.
 - (3) The institution has personnel scheduled to be present at all times during normal business hours who know how to operate the devices and can explain the operation of the devices to any person authorized by the Act to inspect and copy records; and
 - (4) Any person authorized by the Act or this chapter to inspect and copy records shall be given immediate access to the document reproduction devices for the purpose of inspecting and copying stored records and shall, upon request, reimburse the institution for the reasonable cost of using the institution's equipment and material to make copies at a rate not to exceed ten cents (\$0.10) per page.
- (d) The institution shall maintain a second set of all academic and financial records required by the Act and this chapter at a different location unless the original records, including records stored pursuant to subdivision (b) of this section, are maintained in a manner secure from damage or loss. An acceptable manner of storage under this subsection would include fire resistant cabinets.

(e) All records that the institution is required to maintain by the Act or this chapter shall be made immediately available by the institution for inspection and copying during normal business hours by the Bureau and any entity authorized to conduct investigations.

(f) If an institution closes, the institution and its owners are jointly and severally responsible to arrange at their expense for the storage and safekeeping in California of all records required to be maintained by the Act and this chapter for as long as those records must be maintained. The repository of the records shall make these records immediately available for inspection and copying, without charge except as allowed under subdivision (c)(4) of this section, during normal business hours by any entity authorized by law to inspect and copy records.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94885, 94900 and 94900.5, Education Code.

Chapter 4. Institutions - General Provisions

Article 1. Fees and Payment Schedule

74000. Fees and Penalties - General Provisions

(a) An institution shall pay the fees established by Article 17 of the Act. A failure to include a fee with an application or other request renders the application or request incomplete.

(b) All fees lawfully collected are non-refundable.

(c) A fee that is not paid timely is subject to penalty as set forth in section 94931 of the Code.

(d) The Bureau shall deny a renewal of an approval to operate if the institution fails to submit at the time it files its application for renewal of an approval to operate: all unpaid fees; penalty fees; penalties; orders for reimbursement of costs and expenses; and assessments for, and reimbursement of all payments made to students from, the Student Tuition Recovery Fund.

(e)(1) If an institution fails to pay any fee and any penalty fees timely, the Bureau may initiate proceedings to revoke the institution's approval to operate for failure to pay fees.

(2) Any proceeding to revoke an institution's approval to operate is subject to the provisions of Chapter 5 of the Administrative Procedures Act. If a hearing is requested, it shall be limited to the issues of whether any fee or penalty was owed and, if so, whether the fee or penalty were paid when originally due.

(3) The procedure specified in this subdivision is cumulative to any other right or remedy the Bureau may invoke against an institution which fails to pay its annual fee or a penalty fee when originally due. Nothing in this subdivision restricts the Bureau's authority to bring other administrative or judicial action against an institution that fails to pay its fees when due.

(4) An institution whose approval to operate was revoked because of nonpayment of an annual fee or penalty fee may seek to obtain approval to operate only by filing an application for a new approval to operate.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94930.5, 94931.5, 94932 and 94933, Education Code.

74002. Definitions

(a) "Annual fee" or "annual institutional fee" is the fee required by subdivision (d) of section 94930.5 of the Code.

(b) "Annual gross revenue" means all revenue such as tuition, fees, and other charges derived by an institution, during its last fiscal year ending before the due date of an annual fee payment, from any source for any education, instruction, training, or any services incident thereto. "Annual gross revenue" does not include unearned tuition and refunds. An institution shall account for "annual gross revenue" in accordance with generally accepted accounting principles.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Section 94930.5, Education Code.

74004. Request for Verification of Exemption

The fee to request verification that the institution is exempt pursuant to Section 94874 is \$250.00.

Note: Authority cited: Sections 94803, 94874.7 and 94877, Education Code. Reference: Section 94874.7, Education Code.

74006. Annual Fee

(a) An institution's annual fee is due within 30 days of the date on which the institution originally receives its approval to operate and each year thereafter on the anniversary of the date of the original approval.

(b) An institution shall pay its annual fee in addition to any other applicable fees.

(c) The annual institutional fee is based on the institution's annual revenue. For purposes of this article, annual revenue is annual gross revenue.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94930.5 and 94931.5, Education Code.

Article 2. Reports

74110. Annual Report

(a) The annual report required by Section 94934 of the Code shall include the information required by section 94934 for all educational programs offered in the prior calendar year.

(b) In addition to the information required by section 94934, the institution shall have annual financial statements prepared for the institution's prior fiscal year and signed under penalty of perjury, and shall submit such statements in conjunction with its annual report. The form, content and mode of preparation of financial statements shall comply with Section 74115. The Bureau may request that the institution immediately make available for inspection to a representative of the Bureau, these financial statements at the offices of the institution.

(c) An institution shall file its annual report by July 1st. The Bureau may extend the period for filing if the institution demonstrates evidence of substantial need but in no case longer than 60 days. The institution shall not change the date of its filing its annual report because of a change in the fiscal year without the Bureau's approval.

Note: Authority cited: Sections 94803 and 94934, Education Code. Reference: Sections 94932 and 94934, Education Code.

74115. Financial Statements

(a) This section applies to every set of financial statements required to be prepared or filed by the Act or by this chapter.

(b) A set of financial statements shall contain, at a minimum, a balance sheet, an income statement, and a cash flow statement, and the preparation of financial statements, shall comply with all of the following:

(1) Audited and reviewed financial statements shall be conducted and prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants by an independent certified public accountant who is not an employee, officer, or corporate director or member of the governing board of the institution.

(2) Financial statements prepared on an annual basis as required by section 74110(b) shall be prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants. Nonprofit institutions shall provide annual financial statements as required under generally accepted accounting principles for nonprofit organizations.

(3) The financial statements shall establish that the institution meets the requirements for financial resources required by Section 71745.

(4) If an audit performed to determine compliance with any federal or state student financial aid program reveals any failure to comply with the requirements of the program and the noncompliance creates any liability or potential liability for the institution, the financial statements shall reflect the liability or potential liability.

(5) Any audits shall demonstrate that the accountant obtained an understanding of the institution's internal financial control structure, assessed any risks, and has reported any material deficiencies in the internal controls.

(c) Work papers for the financial statements shall be retained for five years from the date of the statements and shall be made available to the Bureau upon request.

(d) "Current" with respect to financial statements means completed no sooner than 120 days prior to the time it is submitted to the Bureau, and covering no less than the most recent complete fiscal year. If more than 8 months will have elapsed between the close of the most recent complete fiscal year and the time it is submitted, the fiscal statements shall also cover no less than five months of that current fiscal year.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94885 and 94934, Education Code.

74120. Substantial Relationship Criteria

In determining whether any of the grounds for denial set forth in Section 480 of the Business and Professions Code exist, a crime or act shall be considered substantially related to the qualifications,

functions, or duties of any owner, corporate director or member of the governing board, officer, administrator, or instructor under any of the following circumstances:

(a) The crime or act involves any violation of the Act or this chapter, the closure of an institution, fraud or misrepresentation, breach of fiduciary duty, any type of forgery or theft, or any type of dishonesty causing any financial loss.

(b) The crime, to a substantial degree, evidences present or potential unfitness to perform the functions and duties authorized or required by the Act or this chapter in a manner consistent with the public health, safety, or welfare, including a crime prohibited by Title 8 (commencing with Section 187) or Title 9 (commencing with Section 261) of the Penal Code.

Note: Authority cited: Sections 94803, 94877, 94885 and 94932, Education Code. Reference: Sections 480 and 481, Business and Professions Code; and Sections 94885, 94887, 94932 and 94937, Education Code.

74130. Criteria for Rehabilitation

In determining whether any of the grounds for denial set forth in Section 480 of the Business and Professions Code exist, the Bureau shall consider evidence of rehabilitation and present eligibility for any approval or certificate issued by the Bureau, including all of the following factors:

(a) The nature and severity of the acts or crimes under consideration as grounds for denial;

(b) Evidence of any acts committed after the acts or crimes under consideration as grounds for denial that also could be considered grounds for denial;

(c) The time that has elapsed since commission of the acts or crimes described in subdivisions (a) and (b);

(d) The extent to which the person has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant;

(e) Evidence of any rehabilitation submitted by the applicant;

(f) Total criminal record;

(g) Evidence, if any, of expungement proceedings pursuant to Section 1203.4 of the Penal Code.

Note: Authority cited: Sections 94803, 94877, 94885 and 94932, Education Code. Reference: Sections 480 and 482, Business and Professions Code; and Sections 94885, 94887, 94932 and 94937, Education Code.

74140. Retention of Advertising

Every institution shall retain, for a minimum of five years, copies of all advertising, including (a) flyers, brochures, newspaper, and other print advertisements, (b) scripts for, and audio and video recordings of, broadcast advertisements, and (c) internet content, and (d) scripts for telephone solicitations. The institution shall make these records immediately available for inspection and copying during normal business hours to site visit teams and the Bureau.

Note: Authority cited: Sections 94803, 94877 and 94932, Education Code. Reference: Sections 94897 and 94932, Education Code.

74150. Use of Term "University"

(a) For the purpose of this section, "university" means an institution of higher education that confers a

master's or a doctor's degree upon the completion of programs of graduate or professional study and that may also confer a bachelor's degree upon the completion of programs of undergraduate study.

(b) Unless previously approved by the Bureau, no institution shall use the word "university" in its name or in connection with a description of itself or its educational programs unless (1) the institution is a university as defined in subdivision (a) of this section or (2) the institution uses other words in conjunction with "university" to prevent the use of "university" from being deceptive or misleading in any manner.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94897 and 94932, Education Code.

74160. Surrender of Approval

Any institution may at any time voluntarily surrender an approval to operate by providing written notice to the Bureau. The surrender shall be deemed irrevocable, and if the institution surrendering the approval desires to regain approval, the person or institution shall submit a new application.

Note: Authority cited: Sections 94803, 94877 and 94932, Education Code. Reference: Section 118, Business and Professions Code; and Sections 94932 and 94937, Education Code.

74170. Stipulations

(a) The Director, on behalf of the Bureau, may enter into a written stipulation with any institution for an order to do any of the following:

(1) Impose probation;

(2) Impose a condition or restriction on, or the suspension or revocation of, an approval to operate;

(3) Require the payment of fees, penalties, costs and expenses incurred by the Bureau, reimbursements to the Student Tuition Recovery Fund, or refunds or other amounts to or on behalf of students.

(b) The written stipulation shall disclose that the institution entering the stipulation has waived the right to notice, hearing, and appeal concerning the subject matter of the stipulation.

Note: Authority cited: Sections 94803, 94877 and 94932, Education Code. Reference: Sections 94932 and 94937, Education Code.

74190. Agents for Service of Process; Changes

Each institution shall maintain the name, physical address, telephone number, and e-mail address for the agent for service of process in California as required by 94943.5 of the Code. The agent shall be at an address other than the address of the institution or any branch. The agent must confirm the information and acknowledge in writing that he or she is the designated agent for service of process. The institution shall inform the Bureau in writing of any change in the information for the agent for service of process, signed by the agent, within 7 days. Until the Bureau actually receives written notice of any change in the agent's name and/or address, service on the prior agent shall be valid. This information is considered public information.

Note: Authority cited: Sections 94803, 94877 and 94888, Education Code. Reference: Sections 94887, 94888 and 94943.5, Education Code.

74200. Cessation of Educational Program

Every institution shall notify the Bureau in writing at least 30 days before the institution ceases to offer to the public any educational program.

Note: Authority cited: Sections 94803, 94887 and 94895, Education Code. Reference: Sections 94868, 94894 and 94898, Education Code.

Chapter 5. Student Tuition Recovery Fund

Article 1. General Provisions

76000. Definitions

For purposes of this chapter, the following definitions apply:

- (a) "California resident" means a person who resides in California at the time the enrollment agreement is signed or when the person receives lessons at a California mailing address from an approved institution offering distance education.
- (b) "Closed institution" means an institution at which a closure has occurred.
- (c) "Economic loss" means pecuniary loss, which is the sum of the student's tuition, cost of equipment and materials required for the educational program, and interest on any student loan used to pay for such charges, collection costs and penalties. Economic loss shall also include the amount the institution collected and failed to pay to third parties on behalf of the student for license fees or any other purpose. Economic loss does not include Student Tuition Recovery Fund assessments, room and board, supplies, transportation, application fees, or non-pecuniary damages such as inconvenience, aggravation, emotional distress, or punitive damages.
- (d) "Fund" means the Student Tuition Recovery Fund.
- (e) "Prepaid" describes any amount of money that an institution accepts in advance of rendering educational services.
- (f) "Qualifying institution" is an approved institution or an institution subject to the provisions of Article 14, commencing with section 94923 of the Code, and section 94874.1 of the Code.
- (g) "Residency Program" means an educational program at an approved institution of which some portion of the instruction occurs as direct instruction as defined in section 71715(c).
- (h) "STRF" means Student Tuition Recovery Fund.
- (i) "Student Tuition Recovery Fund assessment" or "STRF assessment" means a state-imposed charge to fund this chapter that is required to be paid by a California resident student who pays tuition to an institution.
- (j) "Teach-out institution" means the institution offering a teach-out to a former student of an institution that has ceased to operate.

Note: Authority cited: Sections 94803, 94877 and 94923, Education Code. Reference: Sections 94874.1, 94923, 94926, 94927 and 94927.5, Education Code.

76020. Student Tuition Recovery Fund (STRF)

(a) The fund exists to relieve or mitigate pecuniary losses suffered by a student of a qualifying institution, who is or was a California resident or was enrolled in a residency program, if the student enrolled in the institution, prepaid tuition, paid the assessment, and suffered loss as a result of any of the following:

(1) The closure of the institution;

(2) The institution's failure to pay refunds or charges on behalf of a student to a third party for license fees or any other purposes, or to provide equipment or materials for which a charge was collected within 180 days before the closure of the institution;

(3) The institution's failure to pay or reimburse loan proceeds under a federally guaranteed student loan program as required by law or to pay or reimburse proceeds received by the institution prior to closure in excess of tuition and other costs;

(4) A significant decline in the quality or value of the educational program within the 30-day period before the closure of the institution or, if the decline began before that period, the period of decline determined by the Bureau, to a degree that results in the institution's failure to meet minimum operating or academic standards; and

(5) The student's inability to collect a judgment entered against a qualifying institution for a violation of the Act, subject to all of the following:

(A) The student has reasonably tried, and failed, to collect on the judgment. The Bureau will determine the reasonableness of the effort on a case-by-case basis;

(B) The Bureau receives the student's application within 4 years from the school's closure;

(C) The student has not received reimbursement or forgiveness from any other source.

(b) A student whose total charges were paid by a third-party payer is not eligible to make a claim.

Note: Authority cited: Sections 94803, 94877 and 94923, Education Code. Reference: Sections 94874.1, 94923, 94926, 94927 and 94927.5, Education Code.

Article 2. STRF Assessments

76120. Amount of STRF Assessment

(a) Each qualifying institution shall collect an assessment of two dollars and fifty cents (\$2.50) per one thousand dollars (\$1,000) of institutional charges, rounded to the nearest thousand dollars, from each student who is a California resident or is enrolled in a residency program. For institutional charges of one thousand dollars (\$1,000) or less, the assessment is two dollars and fifty cents (\$2.50).

(b) Unless a student has a separate agreement to repay the third party, a student whose costs are paid to the institution by third-party payer shall not pay the STRF assessment to the qualifying institution.

(c) Except when an institution provides a 100% refund pursuant to section 94919(d) or section 94920(b) of the Code, the assessment is non-refundable.

Note: Authority cited: Sections 94803, 94877 and 94923, Education Code. Reference: Sections 94923, 94843 and 94911(b), Education Code.

76130. Collection and Submission of Assessments

(a) A qualifying institution shall collect the assessment from each student at the time it collects the first payment from or on behalf of the student at or after enrollment. The assessment shall be collected for the entire period of enrollment, regardless of whether the student pays the institutional charges in increments.

(b) A qualifying institution shall complete the STRF Assessment Reporting Form (Rev. 2/10) and remit it with the STRF assessments collected from students to be received by the Bureau no later than the last day of the month following the close of the quarter as follows:

(1) April 30 for the first quarter,

(2) July 31 for the second quarter,

(3) October 31 for the third quarter, and

(4) January 31 for the fourth quarter. If the due date falls on a Saturday, Sunday or State or federal holiday, the due date shall be extended to the next regular business day for the Bureau.

(c) The STRF Assessment Reporting Form shall contain the following information:

(1) Total number of student who signed enrollment agreements during the reporting period; and

(2) Total number of students eligible for STRF who signed enrollment agreements during the reporting period; and

(3) The total number of students who signed their enrollment agreement during the reporting period, were eligible for STRF, and who made their first payment during the reporting period; and

(4) The total number of students who signed their enrollment agreement in a previous reporting period, were eligible for STRF, and who made their first payment during the current reporting period; and

(5) Total amount of institutional charges after rounding each student's institutional charges to the nearest \$1,000, for all eligible STRF students whose STRF assessment was collected in the reporting period; and

(6) Current contact telephone number of the person preparing the form; and

(7) A declaration dated and signed under penalty of perjury by the person preparing the form that the form and any attachments are true and correct.

(d) In the event of a school closure, any collected assessments shall be remitted to the Bureau within seven days following the cessation of instruction.

(e) Submission of all prior reports and assessments required by this section is a condition of renewal.

Note: Authority cited: Sections 94803, 94877 and 94923, Education Code. Reference: Section 94923, Education Code.

76140. Record-Keeping Requirements

(a) A qualifying institution shall collect and maintain records of student information to substantiate the data reported on the STRF Assessment Reporting Form and records of the students' eligibility under the Fund. Such records shall include the following for each student:

- (1) Student identification number,
- (2) First and last names,
- (3) Email address,
- (4) Local or mailing address,
- (5) Address at the time of enrollment,
- (6) Home address,
- (7) Date enrollment agreement signed,
- (8) Courses and course costs,
- (9) Amount of STRF assessment collected,
- (10) Quarter in which the STRF assessment was remitted to the Bureau,
- (11) Third-party payer identifying information,
- (12) Total tuition charged, and
- (13) Total tuition paid.

(b) The qualifying institution shall maintain the data required under this section in an electronic format that is readily available and open to inspection by the Bureau upon request. The institution shall make the records immediately available to a Bureau representative conducting a site inspection or, upon written request, shall provide a copy within 14 calendar days of the request. All records shall be provided to the Bureau in an intelligible and orderly manner and in an electronic format.

Note: Authority cited: Sections 94803, 94877 and 94923, Education Code. Reference: Section 94923, Education Code.

Article 3. Payments from the Fund

76200. Application for Payment

(a) A student seeking reimbursement under the Fund shall file a written application on the Bureau's Student Tuition Recovery Fund Application Form (STRF App Rev. 2/10), signed under penalty of perjury that the form and all attachments are true and correct, which includes the following information:

- (1) The student's name, address, telephone number, email address, and social security number or taxpayer identification number;

- (2) If any portion of the total charges were paid from the proceeds of a loan, the name of the lender, and any state or federal agency that guaranteed or reinsured the loan;
 - (3) Proof of the amount and description of the student's economic loss, and the amount of the student's claim;
 - (4) Proof of the date the student started and ceased attending the institution;
 - (5) A description of the reasons the student ceased attending the institution, or if the student graduated, date of graduation;
 - (6) The student's or borrower's authorization to allow the Bureau to negotiate with any lender, holder, guarantee agency, or the U.S. Department of Education on the student's behalf to reduce the loan obligation;
 - (7) The student's authorization to allow the Bureau to issue a payment directly to any lender, holder, guarantee agency, or the U.S. Department of Education on the student's behalf; and
 - (8) An assignment to the Fund and the Bureau of the student's rights to collect those funds against the institution if any payment issues as a result of the application;
 - (9) The institution name, address and phone number in which the students attended;
 - (10) Proof that the student was a California resident at time of enrollment;
 - (11) Proof that the student paid into the STRF;
 - (12) If the student took an approved leave of absence, and documentation of the approval;
 - (13) Whether the student has previously applied for STRF reimbursement;
 - (14) Whether the course of study or portion completed prepared the student to take a state or national licensure exam; and
 - (15) If the student transferred to another school, a list of all classes or units transferred.
- (b) The application must be fully completed and received by the Bureau, with supporting documents that include, but need not be limited to, the enrollment agreement, promissory notes, if any, and any receipts, within two years from date of the closure notice explaining the student's rights under STRF, whether provided by the institution or the Bureau, or a maximum of four years if the student received no closure notice.
- (c) Students whose total charges are paid by a third party payer are not eligible to apply for payment by the Fund.
- (d) The Bureau may conduct an investigation to verify whether to grant or deny a claim, and may request any additional information or supporting documentation.

Note: Authority cited: Sections 94803, 94877 and 94923, Education Code. Reference: Sections 94870 and 94923, Education Code.

76210. Claims Amount, Payment and Denial

(a) The Bureau may negotiate with a lender, holder, guarantee agency, or the U.S. Department of Education for the full compromise or write-off of student loan obligations to relieve students of economic loss and, if possible, to reduce the liability of the Fund for the payment of claims.

(b) The Bureau may pay a student's claim directly to the lender, holder, guarantee agency, or U.S. Department of Education.

(c) If the Bureau grants the claim, the amount of the payment is measured by the total amount of the student's economic loss, as defined in Section 76000, less the amount of any refund, reimbursement, indemnification, restitution, compensatory damages, settlement, debt forgiveness, discharge, cancellation, compromise or any other benefit received by, or on behalf of, the student that was related to the economic loss. The amount of the payment is not dependent on, or necessarily limited to, the amount of refund the student would have received from the institution if the student had voluntarily withdrawn. The Bureau cannot pay any claim to a student without a social security number or a taxpayer identification number.

(d) In addition to the reductions in (c) above, the Bureau may reduce the amount of the payment by the value of the benefit, if any, of the education obtained by the student before the closure of the institution.

(e) If a student participated in a teach-out, the following conditions also apply:

(1) If the student withdraws from the teach-out institution within the first two weeks of enrollment, the student's economic losses are calculated as though the student never received the teach-out.

(2) If the student withdraws from the teach-out institution after the first two weeks of enrollment, the student's economic loss includes only a pro rata portion of charges for the hours of the education service paid for, but not received from, either institution.

(3) If the teach-out institution provides all of the remaining instruction that the closed institution had represented it would provide, the student's economic loss shall not include any amount the student paid to the closed institution specifically for instruction.

(4) Regardless of participation in a teach-out, a student may recover economic losses other than those specifically related to the instruction.

(f) Upon payment of the claim, all of the student's rights against the institution for that amount of payment shall be deemed assigned to the Bureau.

(g) If the Bureau denies the claim, or reduces the amount of the claim, the Bureau may informally consider a written appeal and modify its decision.

(i) If a written appeal is not received by the Bureau within 30 calendar days from the date of the decision, the Bureau's decision shall be final.

Note: Authority cited: Sections 94803, 94877 and 94923, Education Code. Reference: Section 94923, Education Code.

76212. Claims by Government Agency on Behalf of Students

If the Bureau, the Attorney General, or any other law enforcement agency obtains a judgment against an institution on behalf of one or more students pursuant to Section 17200 of the Business and Professions Code or similar authority, that law enforcement agency shall be entitled to payment from the Fund under the following conditions:

- (a) The institution was qualified and is now closed;
 - (b) A remedy cannot be obtained despite diligent efforts to prosecute, prove, and collect a judgment;
 - (c) A claim is filed within two years after the judgment became final;
 - (d) A claim indicating the total amount of the judgment allocable to each student is filed; and
 - (e) The total amount paid to each student does not exceed the amount that the student would have been entitled to receive if the student had obtained a judgment for the amount allocable to the student.
- Note: Authority cited: Sections 94803, 94877 and 94923, Education Code. Reference: Section 94923, Education Code.

76215. Student Tuition Recovery Fund Disclosures

(a) A qualifying institution shall include the following statement on both its enrollment agreement and its current schedule of student charges:

"You must pay the state-imposed assessment for the Student Tuition Recovery Fund (STRF) if all of the following applies to you:

1. You are a student, who is a California resident, or are enrolled in a residency program, and prepay all or part of your tuition either by cash, guaranteed student loans, or personal loans, and
2. Your total charges are not paid by any third-party payer such as an employer, government program or other payer unless you have a separate agreement to repay the third party.

You are not eligible for protection from the STRF and you are not required to pay the STRF assessment, if either of the following applies:

1. You are not a California resident, or are not enrolled in a residency program, or
2. Your total charges are paid by a third party, such as an employer, government program or other payer, and you have no separate agreement to repay the third party."

(b) In addition to the statement described under subdivision (a) of this section, a qualifying institution shall include the following statement on its current schedule of student charges:

"The State of California created the Student Tuition Recovery Fund (STRF) to relieve or mitigate economic losses suffered students who are California residents, or are enrolled in a residency program attending certain schools regulated by the Bureau for Private Postsecondary and Vocational Education.

You may be eligible for STRF if you are a California resident or are enrolled in a residency program, prepaid tuition, paid the STRF assessment, and suffered an economic loss as a result of any of the following:

1. The school closed before the course of instruction was completed.

2. The school's failure to pay refunds or charges on behalf of a student to a third party for license fees or any other purpose, or to provide equipment or materials for which a charge was collected within 180 days before the closure of the school.
3. The school's failure to pay or reimburse loan proceeds under a federally guaranteed student loan program as required by law or to pay or reimburse proceeds received by the school prior to closure in excess of tuition and other costs.
4. There was a material failure to comply with the Act or this Division within 30 days before the school closed or, if the material failure began earlier than 30 days prior to closure, the period determined by the Bureau.
5. An inability after diligent efforts to prosecute, prove, and collect on a judgment against the institution for a violation of the Act."

Note: Authority cited: Sections 94803, 94877 and 94923, Education Code. Reference: Section 94923, Education Code.

Article 4. Orderly Closure and Teach-outs

76240. Method for Calculating a Special Assessment

All institutions, including those exempt from Bureau regulation pursuant to the Code, shall do the following prior to closing:

(a) At least 30 days prior to closing, the institution shall notify the Bureau in writing of its intention to close and provide a closure plan. The closure plan shall include:

- (1) The exact date and reason for the closure.
- (2) The last date of instruction for each educational service or program.
- (3) A list of students who were enrolled at any time during the 60 days prior to closure.
- (4) If any student will not be provided complete educational services or the educational program, the institution shall provide:
 - (A) A plan for providing teach-outs or transfers, including the details of any agreements with other institutions.
 - (B) If no teach-out is contemplated, or for students who do not wish to participate in a teach-out, arrangements for making refunds within 45 days from the date of closure, or for institutions that participate in federal student financial aid programs arrangements for making refunds and returning federal student financial aid program funds.
- (5) A plan for the disposition of student records.
- (6) A plan to notify students of their rights and options under the Act and this chapter.
- (b) The institution shall notify the students of the following:

(1) If the institution is a participant in federal student financial aid programs, it shall provide students information concerning those programs and institutional closures.

(2) If any student will not be provided complete educational services or the educational program, information regarding the Student Tuition Recovery Fund and the Bureau's physical and Internet addresses.

Note: Authority cited: Sections 94803 and 94877, Education Code. Reference: Sections 94874.5, 94909, 94911, 94926, 94927 and 94927.5, Education Code.